

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
JUNE 27, 2018
APPLICATION SUMMARY**

NAME OF PROJECT: Christian Care Center of Medina

PROJECT NUMBER: CN1802-006

ADDRESS: Unaddressed site on Highway 45 East and Sonic Drive
Medina (Gibson County), Tennessee 38355

LEGAL OWNER: Christian Care Center of Medina, LLC
2020 Northpark Drive, Suite 2D
Johnson City (Washington County), Tennessee 37604

OPERATING ENTITY: Care Centers Management Consulting, Inc.
2020 Northpark Drive, Suite 2D
Johnson City (Washington County), Tennessee 37064

CONTACT PERSON: Jerry W. Taylor, Attorney
(615) 724-3247

DATE FILED: February 9, 2018

PROJECT COST: \$10,172,313.40

FINANCING: Commercial Loan

REASON FOR FILING: A 66 bed replacement nursing home created by relocating and replacing the 66 bed inactive Christian Care Center of Medina fka Milan Health Care Center. *The nursing home beds in this project are **NOT** subject to the 125 bed Nursing Home Bed Pool for the July 2017-2018 state fiscal year period.*

DESCRIPTION:

Christian Care Center of Medina, LLC (CCC of Medina), whose legal name was changed from Christian Care Center of Milan, LLC in January 2018, is seeking approval for the relocation and replacement of its existing 66-bed skilled nursing home located at 8060 Stinson Road in Milan (Gibson County), TN. The applicant

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acquired the existing facility from the former owner, Milan Health Care Center (Milan HCC), on July 21, 2017 (*documentation of the change of ownership is reflected in the December 13, 2017 letter from the Tennessee Department of Health included in application attachments*). Several factors, including the age and poor condition of the physical plant (*the current facility was built in 1949 and converted to nursing home in 1963*), and the distressed financial operation of the nursing home status, appear to have contributed to the former owner's decision to voluntarily suspend and transition patients from the facility and seek approval from the Tennessee Department of Health for an inactive license, which became effective June 21, 2017. No patients remained in the facility at the time of acquisition by the applicant.

The proposed 66-bed replacement facility will be constructed at an undeveloped and unaddressed 6.09 acre site at the intersection of State Highway 45E and Sonic Drive in Medina (Gibson County), TN, a distance of approximately 10 miles from the existing nursing home. If approved, the replacement facility will resume services as a 66-bed nursing home with all beds being dually certified for TennCare and Medicare, as they were prior to the suspension of services. Since no new beds are being requested, the proposed project is not subject to the 125-bed Nursing Home Bed Pool for the 2017-2018 state fiscal year period.

Not to Agency members: T.C.A. § 68-11-1627 permits the replacement of one or more currently licensed nursing homes with one single nursing home.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

CONSTRUCTION, RENOVATION, EXPANSION, AND REPACEMENT OF HEALTH CARE INSTITUTIONS

- 1. Any project that included the addition of Beds, Services, or Medical Equipment will be reviewed under the standards for those specific activities**

Not applicable to this application.

- 2. For relocation or replacement of an existing licensed health care institution:**
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.**

Per documentation provided in the application from Linda McLearn, ASA III, Office of Health Care Facilities, Division of Health Licensure and Regulation, Tennessee Department of Health, the effective date of the applicant's purchase of Milan HCC and Change of Ownership was July 21, 2017. As noted, the prior owner voluntarily suspended patient operations and was granted approval by the Board for Licensing Health Care Facilities, Tennessee Department Health for an inactive nursing home license effective June 21 2017. At the time of acquisition, there were no patients remaining in the nursing home. Additional clarification of same was provided in Supplemental 1, Items 1 and 6.

*Renovation was not considered at the current facility based upon a number of factors, including, at a minimum, the following: the applicant leases and does not own the 55 year old building (believed to be constructed in 1949 and converted to use as nursing home in 1963 with no major renovations to follow); only 6 of 66 beds are located in private rooms; patient rooms lack sinks and restrooms; and safety concerns for frail patients. The applicant states that the cost to modernize the leased facility with additional space for private rooms, dining, patient bathing, recreation and therapy was impractical and not feasible. **Note to Agency Members: A comprehensive overview of the amenities planned for the new replacement facility is provided on pages 3 and 4 of Supplemental 1. Additional clarification of the current facility's physical deficits is provided on page 7 of Supplemental 1.***

The applicant appears to meet this criterion.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The applicant states that the relocation and replacement of the facility from Milan to Medina in Gibson County will position it in the highest growth sector of the county and will significantly improve the opportunity to reduce outmigration of Gibson County residents to other counties for nursing home care. Additionally, the applicant projects 53% occupancy in Year 1 of the project increasing to 93% in Year 2. Detailed information about population growth and outmigration factors is provided on pages 16-17 of the application.

It appears this criterion has been met.

3. For renovation or expansions of an existing licensed health care institution:

- a. **The applicant should demonstrate that there is an acceptable existing demand for the proposed project.**

Not applicable to this application.

- b. **The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.**

Not applicable to this application.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

Application Synopsis

The proposed project will involve the relocation of the 66 bed dually certified, skilled nursing facility, Christian Care Center of Medina (CCC of Medina), formerly known under previous ownership as Milan Health Care Center (Milan HCC), from its current location 8060 Stinson Road in Milan (Gibson County), Tennessee to a newly constructed 66 bed replacement facility located approximately 10 miles from the current facility on an unaddressed site at the intersection of Tennessee State Highway 45E and Sonic Drive in Medina (Gibson County), Tennessee pursuant to T.C.A. § 68-11-1627.

As noted, CCC of Medina acquired Milan HCC in July 2017. Prior to the change of ownership, the former owner had voluntarily suspended services, transitioned patients from the facility and received approval at the June 2017 meeting of the Board for Licensing Health Care Facilities, Tennessee Department of Health, to place its nursing home license on inactive status. As clarified in Item 1 of Supplemental 1, there were no patients in the facility upon acquisition by the applicant. CCC of Medina has decided not to renovate the existing leased facility and alleges that the physical plant is significantly deficient, deteriorated and unsafe for frail skilled patients. ***Note to Agency Members: A copy of the June 21, 2017 approval letter from Ann Rutherford Reed, RN, BSN, MBA, Director of Licensure, Division of Health Care Facilities, Tennessee Department of Health, was provided by the applicant in Supplemental 1.***

The applicant's Certificate of Need proposal involves the construction of a new state of the art nursing home on a 6.09 acre undeveloped site in Medina. The new replacement facility will contain a total of 38,929 leased square feet (SF) with 40

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private and 26 semi-private beds, a significant expansion from the former Milan HCC 17,268 SF facility that housed 6 private and 60 semi-private beds. The applicant anticipates that the project will take approximately 24 months to complete subject to licensure by the Division of Health Care Facilities, Tennessee Department of Health in May 2020.

The applicant states the replacement nursing home will seek accreditation by the Joint Commission for Accreditation of Healthcare Organizations, licensure by the Tennessee Department of Health, and dual certification for participation in TennCare and Medicare. The proposed new facility is designed to allow residents freedom of movement, outdoor enjoyment, and spacious rooms in a home-like environment. Clinical services will include, at a minimum, skilled nursing care services, physical, occupational and speech therapy services, and specialized pharmacy, respiratory, nutritional, mental wellness and wound care services. The service area, total number of beds and dual certification status of the replacement facility will not change as a result of the project.

Ownership

- CCC of Medina, a single member Tennessee limited liability company (LLC) was formed on July 6, 2017. Its sole member is J. R. "Randy" Lewis who has over 35 years of experience in owning and operating nursing homes through affiliated companies.
- The applicant plans on continuing its existing 20 year management consulting services agreement with Care Centers Management Consulting, Inc. (CCMC).
- Per Item 2 of Supplemental 1, CCMC is owned by Diversified Ventures Inc. and the sole shareholder is J.R "Randy" Lewis. CCMC and its affiliates own and/or operate seven skilled nursing facilities in Tennessee and one facility in Kentucky.
- Review of the biographical information provided for Care Centers in Item 3 of Supplemental 1 revealed that consulting services include, but are not limited to, clinical compliance and management, billing, accounting, plant operations, risk management and other administrative duties.
- An organizational chart is located in Attachment Section A-4B of the original application.

Facility Information

- The applicant proposes to construct a new, modern single-story 66 bed replacement facility in Medina, Tennessee containing 40 private and 26 semi-private beds in a 41,111 total square feet (SF) building compared to the existing 17,268 SF Milan, TN facility with 6 private and 60 semi-private

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beds. As noted, the existing facility was converted to use as a nursing home in 1963.

- The facility will also include 3,101 SF for nursing areas (includes 2 nursing stations), 3,473 SF for dining/kitchen, 2,350 SF for dayroom/activities, an interior courtyard, and 2,102 SF for therapy services.
- A Square Footage Chart Floor and floor plan drawing are included in the application (page 12 and Attachment A-6, Section B, 2).

History

The applicant is a new limited liability company originally formed in July 2017 with no prior Certificate of Need history (*Note: The applicant's name was changed from Christian Care Center of Milan, LLC to Christian Care Center of Medina, LLC in January 2018*). However, CCC of Medina, LLC's sole member, J.R. "Randy" Lewis, has ownership interests in previously approved Certificate of Need replacement facility projects, including Oaktree Health and Rehabilitation Center, LLC d/b/a Christian Care Center of Memphis, LLC, CN0908-045AME (completed December 2015), Christian Care Center of Bristol, LLC, CN1404-012AE (completed September 2017), and Christian Care Center of Bolivar, LLC, CN1712-036A that was approved at the April 25, 2018 Agency meeting.

The highlights below summarize the Certificate of Need history of the proposed project:

- **June 2017** – The former Milan Health Care Center (MHCC) is granted an inactive license by the Tennessee Department of Health (TDH) with an expiration date of July 16, 2018. The transition of residents from the facility to other locations had been completed.
- **July 21, 2017** – Milan Health Care Center is acquired by Christian Care Center of Milan, LLC.
- **December 13, 2017** – TDH notifies the applicant that the change of ownership is completed and initially approved. The facility's inactive license is transferred and issued to the applicant effective December 13, 2017.
- **January 2018**- Both TDH and the Tennessee Department of State issue written acknowledgement of the applicant's legal name change from CCC of Milan, LLC to CCC of Medina, LLC.

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NEED

Project Need

- According to the bed need formula published by the Tennessee Department of Health, 493 total nursing home beds will be needed by calendar year (CY) 2020.
- Excluding the 140 bed Tennessee State Veteran's Home beds from the nursing home bed need formula in accordance with Agency Statute, there are 696 total nursing home beds in Gibson County. As a result, the projected nursing home bed need calculates to a surplus of 203 beds in CY 2020.
- The applicant notes the proposed project is aligned with recently revised standards for Nursing Home Services in the 2014 State Health Plan which encourages facility modernization.
- The applicant notes that the location of the proposed replacement facility in Medina is located in the southern geographical area of Gibson County. As noted on page 20 of the application, this area experienced a 9.4% population growth from 2010-2016 compared to a 2.0% population decline during the 6 year period. The applicant also notes that there are no existing nursing homes located in Medina.
- The applicant notes the proposed project should help decrease the outmigration of Gibson County residents to other counties for their long term care needs. *Note to Agency Members: Examples highlighting the scope of outmigration are provided in metrics excerpted from the tables on pages 17 and 24 of the application as follows: (a) In 2016, 515 of 712 patients residing in Gibson County nursing homes were residents of the county, and (b) In 2015, only 17% of 48 residents of the former Milan Health Care Center were residents of Gibson County.*
- Only 7% of the 836 total nursing home beds in Gibson County are private room beds. If approved, the project will increase the availability of private nursing home beds from 59 to 99 private beds in the service area.
- As noted in the application, the applicant plans to increase the number and size of private rooms from 6 beds @ 110SF/room at the existing facility to 40 beds @ 234 SF/room at the proposed new replacement facility. *Note to Agency Members: The private room mix of the 9 nursing homes in Gibson County is shown on page 4 of the application.*

Service Area Demographics

CCC of Medina, LLC's declared service area consists of Gibson County.

- The total population is expected to increase by 1.31% from 51,934 residents in 2018 to 52,612 residents in 2020.

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- The overall statewide population is projected to grow by 4.36% from 2018 to 2020.
- The Gibson County 2018 age 65 and older category (applicant's target population) will increase by approximately 8.97% from 9,794 residents in 2018 to 10,673 residents in 2020 compared to a projected statewide increase of 15.85%.
- The 65 and older population cohort presently accounts for approximately 20.0% of the total county population compared to a statewide average of 19.0%.
- The number of service area residents enrolled in the TennCare program is estimated at approximately 12,932 or 24.9% of Gibson County's total population compared with a statewide average of 21.0%.

Service Area Historical Utilization

There are nine (9) existing nursing homes in Gibson County, including the Tennessee State Veteran's Home and the inactive former Milan Health Care Center acquired by the applicant in July 2017. The utilization for 8 of the 9 nursing homes is summarized in the following table *Note: Utilization for the Tennessee State Veterans Home was omitted from the table due to its status as a facility for veterans and its exemption from CON review per T.C.A. §68-11-1607(F)(1-2).*

Hardeman County Nursing Home Utilization

Nursing Home	2016 Lic.'d Beds	2014 Patient Days	2015 Patient Days	2016 Patient Days	'14- '16 % Change	2014 % Occ.	2015 % Occ.	2016 % Occ.
Bailey Park Community Living Ctr.	50	16,702	16,763	13,505	-19.1	91.5%	91.9%	74.0%
Douglas NH	72	23,283	22,084	19,683	-15.5%	88.6%	84.0%	74.9%
Dyer Nursing & Rehab Ctr.	120	35,957	34,843	35,828	-0.4%	82.1%	79.6%	81.8%
Humboldt Health & Rehab Ctr.	89	20,145	18,247	17,701*	-12.1%	62.0%	56.2%	54.5%
Humboldt Nursing & Rehab Ctr.	120	31,558	29,043	22,767	-27.9%	72.1%	66.3%	52.0%
Milan HCC	66	20,065	19,126	17,190	-14.3%	83.3%	79.4%	71.4%
NHC Milan	117**	34,388	38,591	35,010	1.81%	77.2%	90.3%	82.0%
Trenton Center	62	14,907	3,573	15,401	3.31%	65.9%	15.8%	68.1%
Total	696	197,005	182,270	179,960	-8.65%	76.9%	71.6%	70.8%

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Notes: *The former Milan HCC did not file a 2016 JAR – the utilization for 2016 is excerpted from the Historical Data Chart on page 32 of the application;

** per clarification received on 06/06/2018 from the Division of Health Licensure and Regulation, Tennessee Department of Health, NHC Healthcare Milan's licensed beds decreased from 122 beds in 2014 to 117 beds effective 01/01/2015.

Sources: Application Attachment, Section B Item 1(1); Additional Information, page 8R; Nursing Home JAR, 2014-2016

- Total combined patient days of the 8 licensed nursing homes included in the table above (excludes 140 bed TN State Veteran's Home) decreased by approximately 8.65% from 2014-2016.
- Utilization declined in 6 of the 8 nursing homes from 2014 -2016.
- 2016 bed occupancy ranged from 52.0% at Humboldt Nursing and Rehabilitation Center (120 beds) to 82% at NHC Healthcare - Milan (117 beds).

The table below reflects the average daily census (ADC) by level of care for each of the nursing homes that submitted a JAR to the Tennessee Department of Health for the 2016 reporting period:

Gibson County Nursing Home Utilization-2016

Facility	Lic.'d Beds	MCARE Certified Beds	Dually Certified beds	Level 1 MCAID Certified Beds	SNF MCARE ADC	Level 2 MCAID ADC	Skilled Other Payors ADC	Non skilled ADC	Total ADC
Bailey Park CLC	50	0	50	0	11.6	0.8	0	24.6	37.0
Douglas NH	72	0	72	0	3.5	1.8	0	48.6	53.9
Dyer Nsg. & Rehab	120	0	120	0	11.1	0	0	87.1	98.2
Humboldt HC & Rehab	89	0	89	0	14.3	0	0	34.2	48.5
Humboldt Nsg. & Rehab	120	0	120	0	7.2	0	0	55.2	62.4
Milan HCC* (see note below)									
NHC Milan	117	0	65	52	25.4	19.7	1.3	49.4	95.8
Trenton Ctr.	62	0	62	0	8.1	0.9	0	33.1	42.1
Total	630	0	578	52	81.2	23.2	1.3	332.2	437.9

*Note: The former Milan Healthcare Center did not file a JAR with TDH for the 2016 reporting period

Source: Replacement page 8R, Additional Information 3 dated 02/28/2018

- The combined non-skilled patient utilization of nursing homes in Gibson County accounted for the highest percentage (75.8%) of total combined utilization in 2016.

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- The combined Medicare skilled patient utilization averaged approximately 81.2 patients per day in 2016.

The table below highlights the applicant's projected utilization in the first two years of the project.

Christian Care Center of Medina, LLC Projected Utilization

Year	Lic.'d Beds	MCARE Only Certified beds	Dually Certified Beds	SNF MCARE ADC	Level 2 MCAID ADC	Skilled Other payors ADC	Non Skilled ADC	Total ADC	Lic.'d Bed Occ.
Year 1	66	0	66	11	2	1	21	35	53%
Year 2	66	0	66	13	4	2	42	61	93%

Source: Supplemental #1, replacement page 11

- CCC of Medina, LLC estimates the licensed occupancy of the new replacement 66-bed nursing home will increase from 53.0% in Year 1 of the project to 93.0% in Year 2.
- The applicant projects that the Medicare skilled patient mix and the non-skilled patient mix will account for approximately 21.3% and 68.8%, respectively, of the nursing home's total utilization in the second year of the project.

ECONOMIC FEASIBILITY

Project Cost

The replacement facility will be owned and constructed by Gibson County Real Estate Investors, LLC, (GCR). Related to the applicant through common ownership by its sole member, J.R "Randy" Lewis, GCR will lease the facility to the applicant. Major costs of the project are as follows:

- Construction plus Contingency - \$7,194,425.00 and \$530,610 for a total of \$7,725,035.00 or approximately 75.9% of the total project total cost.
- Purchase of real estate \$575,000 and site preparation \$190,000 for a total of 765,000 or approximately 7.5% of total project cost.
- Facility Lease - \$7,740,000 for initial ten year lease *Note to Agency Members: The projected annual lease cost is found in Item D(4)(a) of the Projected Data Chart on page 35 of the application. The applicant's projected 10 year lease cost of \$7,740,000 is lower than the combined cost of \$8,490,035 for site acquisition, prep and construction/contingency costs. As a result, the lower lease cost was omitted from the total project cost consistent with Agency Statute.*
- Fixed Equipment - \$959,122 or 9.4% of total cost.

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- For other details on Project Cost, see the Project Cost Chart on page 29 of the original application.
- As reflected in the chart on page 12 of the application and summarized in the table below, the proposed construction cost of the applicant's replacement facility is \$175.00/PSF and falls between the 1st quartile (\$174.53/SF) and the Median (\$181.72/SF) costs of statewide nursing home construction projects from 2014 to 2016.

Nursing Home Construction Cost per Square Foot (SF)
2014-2016

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$6.51/SF	\$174.53/SF	\$90.46/SF
Median	\$58.39/SF	\$181.72/SF	\$158.75/SF
3rd Quartile	\$90.46/SF	\$188.39/SF	\$181.72/SF

Source: HSDA Applicant's Toolbox as of 4/5/2018

Financing

As noted, the proposed replacement facility will be constructed by Gibson County Real Estate Investors, LLC (GCR) and leased to the applicant for an initial ten (10) year period at a cost of approximately \$7,740,000.00. A copy of a fully executed lease between GCR and the applicant was provided in the application attachments. GCR will secure financing for construction of the replacement facility through a \$10,172,314.00 commercial loan issued by the Bank of Tennessee. A January 4, 2018 letter from Scarlett M. Dale, SVP, Carter County Bank A, Bank of Tennessee, was provided in the application that identifies the terms of the construction loan.

As noted on page 2 of the application, Christian Care Center of Medina, LLC is a newly formed Tennessee limited liability company for which no financial data exists. However, the applicant alleges that financial stability and viability will be assured through a \$1,000,000.00 operating line of credit. A January 4, 2018 letter from Scarlett Dale, Bank of Tennessee SVP, was provided in the application that confirms the availability of a \$1,000,000.00 one (1) year renewable line of credit for the operation of the applicant's replacement nursing home.

Net Operating Margin Ratio

- The applicant projects a net operating margin ratio for the total facility of -0.05% in Year 1 improving to a favorable margin of 0.13% in Year 2.
- The net operating margin of the former Milan Health Care Center was an unfavorable margin of -0.41 in 2016.

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Note to Agency Members: The net operating margin demonstrates how much revenue is left over after all the variable or operating costs have been paid.

Capitalization Ratio

- The applicant states that this does not apply to the proposed project since Christian Care Center of Medina, LLC is a newly formed entity.

Note to Agency Members: The capitalization ratio measures the proportion of debt financing in a business's permanent financing mix.

Historical Data Chart

The applicant provided a Historical Data Chart for the former inactive Milan Health Care Center (MHCC) for the 2014-2016 fiscal year (FY) periods. Although the applicant is a newly formed entity with no prior record of financial performance, the Historical Data Chart provided in the original application may help to illustrate the financial performance of the nursing home under previous ownership.

- MHCC reported a net income loss of -\$1,560,276.00 after depreciation and interest in FY2016.
- MHCC reported favorable net income of \$45,069.00 in FY 2015.

Projected Data Chart

The applicant projects \$3,962,854.00 in total gross revenue on 12,739 total patient days in Year 1 increasing to \$6,599,363.00 in Year 2, as the facility census increases from an average occupancy of 53.0% to 93.0% during the 2-year period. Projected favorable net income of \$396,532.00 is anticipated in Year 2.

The Projected Data Chart also reflects the following:

- Deductions from operating revenue for bad debt are estimated at \$53,140.03 in Year Two.
- Deductions for charity care are \$50,115.01 in Year One increasing to \$83,417.50 or approximately 1.3% of total gross operating revenue in the second year of facility operations.

Charges

Summarizing from the table on page 37 of the application, the average patient daily charges are as follows:

- The proposed average gross per diem charge is \$311.01/day in Year I decreasing to \$295.59/day in Year 2. The average gross charge was approximately \$232.90/day in 2016 under previous ownership.

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- The applicant's projected net charge after contractual adjustments amounts to \$269.55/day in Year 2, compared to \$172.92/day in 2016.

Note to Agency Members: Section 4432(a) of the Balanced Budget Act of 1997 changed how payment is made for Medicare skilled nursing facility services from a cost based to a per-diem prospective payment system (PPS) covering all costs (routine, ancillary and capital) related to the services furnished to beneficiaries under Part A of the Medicare program. Under PPS, payments for each admission are case-mix adjusted to classify residents into a Resource Utilization Group (RUG) category based on data from resident assessments and relative weights developed from staff time data. Source: "Skilled Nursing Facility PPS", CMS.gov.

Medicare/TennCare Payor Mix

- As noted on page 39 of the application, projected Medicare and TennCare/Medicaid gross operating revenue is \$1,923,569.00 and \$1,475,767.00 of \$3,962,854.00 total gross operating revenue in Year 1.
- Medicare revenue accounts for the highest portion or approximately 48.54% of total gross revenue in Year 1.

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- If approved, CCC of Medina will be licensed by the Tennessee Department of Health (TDH).
- CCC of Medina submitted a plan of correction (POC) for the November 4, 2016 survey (*facility was under previous ownership at the time of the TDH survey*).
- The provider POC was accepted by TDH on December 12, 2017. A copy of the TDH letter was provided in the application attachments.

Certification

- The applicant will seek certification for provider participation in TennCare and Medicare.

Accreditation

- The applicant intends to seek Joint Commission accreditation for the proposed replacement nursing home.

Other Quality Standards

- As noted in the February 26, 2018 supplemental response, the applicant commits to obtaining and/or maintaining the following:
 - Staffing levels comparable to the staffing chart presented in the CON application. The applicant will maintain appropriate staffing levels but notes the exact number of staffing positions may fluctuate with the census.
 - Licenses in good standing
 - TennCare/Medicare certifications
 - As a new operator of the facility, CCC of Medina does not have a three year history to report regarding compliance with federal and state regulations; however the applicant does include a copy of the previous owner's licensure survey and the accepted Plan of Correction it drafted.
 - The applicant is a new operator but believes the previous owner has not been decertified in last three years.
 - Self-assessment and external peer assessment processes.
 - Data reporting, quality improvement and outcome/process monitoring systems.
 - Documents the availability of a Quality Assurance and Performance Improvement Program Manual.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant plans to develop resident transfer agreements with Milan General Hospital in Gibson County and other hospitals located in Jackson (Madison County). A list identifying the hospitals and other healthcare providers is included in the attachments of the original application.

Impact on Existing Providers

- The proposal will not have any negative impact on other providers as the applicant is not requesting additional licensed beds.

Staffing

The applicant provided the facility staffing complement in the table on page 39 of the application. As noted in Item 10 of Supplemental 1, total direct care patient staffing is expected to be approximately 6.44 hours per patient day (PPD), including 5.02 nursing hours PPD in Year 1 of operations. The nursing staffing in full time equivalents in Year 1 is shown below.

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- 4.2 FTE-Registered Nurses
- 7.0 FTE-LPN's
- 19.6 FTE-Nurse Aides
- 30.8 Total FTEs

Ownership and property documentation are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied, pending, or outstanding Certificates of Need for this applicant.

Note: the sole member of the applicant, J.R. "Randy" Lewis, has financial interests in this and other Certificate of Need projects as follows:

Outstanding Certificates of Need

Christian Care Center of Bolivar, LLC, CN1712-036A, has an outstanding CON that will expire on June 1, 2020. The project was approved at the April 25, 2018 Agency meeting for the relocation and replacement of the former Pleasant View Health Care Center, a 67-bed skilled nursing home located at 214 North Water Street in Bolivar (Hardeman County), TN. **The estimated project cost is \$9,702,271.00.**

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied, pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED

**TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER
PAGE.**

PME/PJG (06/06/2018)

LETTER OF INTENT



2018 FEB 06 10:49:05

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**LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY**

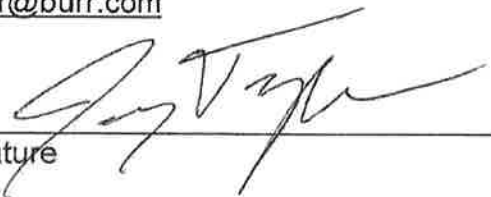
The Publication of Intent is to be published in the Milan Mirror Exchange which is a newspaper of general circulation in Gibson County, Tennessee, on or before February 6, 2018 for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Christian Care Center of Medina, LLC, a Tennessee Limited Liability Company which will have a management consulting agreement with Care Centers Management Consulting, Inc., intends to file an application for a Certificate of Need for the relocation of Christian Care Center of Medina, f/k/a Milan Health Care Center and the construction of a replacement facility. The facility is currently located at 8060 Stinson Road, Milan, Gibson County, Tennessee. The location for the proposed replacement facility is an undeveloped site on State Highway 45E and Sonic Drive in or near the city limits of Medina, Gibson County, Tennessee. The facility is currently licensed for 66 skilled nursing beds by the Tennessee Board for Licensing Health Care Facilities, and the beds and facility will retain this licensure status. No new services are being initiated, and no additional beds are sought. The total estimated project cost is \$10,200,000.00.

The anticipated date of filing the application is February 9, 2018.

The contact person for this project is Jerry W. Taylor, Attorney who may be reached at: Burr & Forman, LLP, 222 Second Avenue South, Suite 2000, Nashville, Tennessee, 37201, 615-724-3247; jtaylor@burr.com



Signature

2-6-18

Date

The published Letter of Intent contains the following statement: Pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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APPLICATION (COPY)

Christian Care Center of
Medina

CN1802-006

CERTIFICATE OF NEED APPLICATION

FOR

CHRISTIAN CARE CENTER OF MEDINA

**The Relocation and Replacement of a
66 Bed Skilled Nursing Facility**

Gibson County, Tennessee

February 9, 2018

Contact Person:

**Jerry W. Taylor, Esq.
Burr & Forman, LLP
222 Second Avenue South, Suite 2000
Nashville, Tennessee 37201
615-724-3247**

**CERTIFICATE OF NEED APPLICATION****SECTION A: APPLICANT PROFILE****1. Name of Facility, Agency, or Institution**Christian Care Center of Medina, f/k/a Milan Health Care Center
NameUnimproved Lot on Highway 45 East and Sonic Drive
Street or RouteGibson
CountyMedina
CityTN
State38355
Zip Code

Website address: None

Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.

2. Contact Person Available for Responses to QuestionsJerry W. Taylor
NameAttorney
TitleBurr & Forman, LLP
Company Namejtaylor@burr.com
Email address222 Second Avenue South, Suite 2000
Street or RouteNashville
CityTN
State37201
Zip CodeAttorney
Association with Owner615-724-3247
Phone Number615-724-3248
Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and the Quality Measures.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;**

Christian Care Center of Medina, f/k/a Milan Health Care Center ("Milan HCC") is a 66 bed skilled nursing facility in Milan, Gibson County. Effective July 21, 2017 Milan HCC was acquired by Christian Care Center of Milan, LLC. The name of the LLC was changed to Christian Care Center of Medina, LLC effective January 17, 2018. For convenience, the applicant will be referred to as "CCC of Medina" throughout this application. At the time of the acquisition, Milan HCC was financially distressed. Operations at the facility have been temporarily voluntarily suspended and the license has been placed in Inactive Status by the Board for Licensing Health Care Facilities.

CCC of Medina seeks authorization to relocate the nursing home and construct a replacement facility at another site in Gibson County. No new services will be initiated and no new beds are sought. The replacement facility will resume services as a 66 bed skilled nursing facility, with all beds being dually certified for TennCare and Medicare, as they were prior to the voluntary suspension of services.

The site for the proposed replacement facility is an undeveloped 6.09 acre tract at the intersection of State Highway 45E and Sonic Drive in Medina, Gibson County, approximately 10 miles from the current site of the facility.

- 2) Ownership structure;**

The applicant, Christian Care Center of Medina, LLC is a newly formed single member Tennessee limited liability company. Its sole member is J. R. "Randy" Lewis.

CCC of Medina will enter into a management consulting agreement with Care Centers Management, Inc. The sole shareholder of Care Centers Management, Inc. is Diversified Ventures, Inc. The sole shareholder of Diversified Ventures, Inc. is J. R. "Randy" Lewis.

The facility will be built and owned by Gibson County Real Estate Investors, LLC and leased to the applicant. The sole member of Gibson County Real Estate Investors, LLC is J. R. "Randy" Lewis.

- 3) Service area;**

The service area is Gibson County, Tennessee where CCC of Medina will be located. It is projected that a majority of the patients of CCC of Medina will be residents of Gibson County.

- 4) Existing similar service providers;**

There are 8 nursing homes operating in the service area. The average county-wide occupancy rate was 74% in 2016. 23

5) Project cost;

The total estimated project cost not including the filing fee is \$10,114,157. The largest single cost component is land acquisition and construction costs totaling \$7,959,425 (including contingency). The next largest costs are for furniture, fixtures and equipment (\$959,122) and interim financing (\$280,000).

6) Funding;

Funding for construction is available through a commercial mortgage loan. Working capital is available through a Line of Credit from a commercial lender.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

The project is financially feasible. As reflected on the Projected Data Chart, Year 1 is expected to yield an operating loss, but the project will be profitable in Year 2 and thereafter.

8) Staffing.

The proposed staffing plan calls for approximately 39 FTE direct patient care positions and 39 FTE non-direct patient care positions. The staffing pattern is set forth in more detail in the Contribution to Orderly Development section of this application.

Care Centers Management Consulting and its affiliates own and/or operate 7 SNFs in Tennessee and is very experienced in recruiting, hiring, and retaining the required staffing.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

This application seeks no additional licensed beds; it proposes only a relocation of existing beds and a replacement facility. The need for the relocation and replacement does not stem from a lack of nursing home bed capacity in Gibson County. Rather, there is a need for a *relocation* of the *existing beds*, and a replacement facility.

The existing licensed beds of CCC of Medina are a needed community asset. In 2015 (the latest year for which data is publicly available for this facility), Milan HCC provided 19,126 patient days of care. It is believed the utilization would have been significantly greater with

a new up to date facility. The relocation and replacement facility will allow the existing 66 licensed beds to continue to serve the area.

There is especially a need for more private beds and for a new modernized SNF in Gibson County. Currently, only 59 of the 828 licensed beds in Gibson County are private beds. The replacement facility will have 40 private beds and 26 semi-private beds. This replacement facility will increase the number of private beds in Gibson county by nearly 68%.

Furthermore, the existing SNF facilities are relatively old. The average age of the existing SNFs in Gibson County is 31 years. Please see the table below:

Facility	Total Beds	Private Beds	Semi-Private Beds *	% Private	Year Built	Major Reno/Year	Age Orig. Building
Bailey Park Community Living Center	50	10	40	25.0%	2008	No	10 yrs.
Douglas Nursing Home	72	1	71	1.4%	1961	No	57 yrs.
Dyer Nursing and Rehabilitation Center	120	0	120	0.0%	1996	Yes - 2014	22 yrs.
Humboldt Healthcare and Rehab Center	89	7	82	8.5%	1990	No	28 yrs.
Humboldt Nursing and Rehabilitation Center	120	0	120	0.0%	1990	No	28 yrs.
Milan Health Care Center	66	6	60	10.0%	1963	No	55 yrs.
NHC HealthCare, Milan	117	11	106	10.4%	N/R	Yes - 1997	11 yrs.
Tennessee State Veterans' Home	140	18	122	14.8%	1995	No	23 yrs.
Trenton Center	54	6	48	12.5%	1973	No	45 yrs.
COUNTY TOTAL/AVERAGE	828	59	769	7.7%			31 yrs.

* Semi-private includes Ward beds

Source: 2016 Joint Annual Reports except Bailey Park and Milan HCC, 2015

The relocation and replacement facility are needed in order for CCC of Medina to provide a nice new facility for its patients, and in order to significantly increase the number of private beds in Gibson County.

The proposed relocation from Milan to Medina, both of which towns are within Gibson County, also accomplishes a needed redistribution of beds within Gibson County. Medina is clearly the area of greatest population growth in Gibson County. Its population grew by 38.6% between 2010 and 2016, yet there is not a single SNF in the Medina area. Milan, on the other hand, is projected to experience a slight population decrease between 2010 and 2016. There are currently 3 SNFs located in the Milan area, including the former Milan HCC.

2) Economic Feasibility;

The project is economically feasible. As reflected on the Projected Data Chart, Year 1 is expected to yield an operating loss, but the project will be profitable in Year 2 and thereafter.

No more cost effective or efficient options were identified. The current building is 55 years old, and is deficient in many areas. In addition, the facility is in a leased building, making the option of renovating the existing facility impractical and not feasible. Finally, there are

overwhelming benefits to relocating the facility to Medina as discussed elsewhere in this application.

3) Appropriate Quality Standards; and

Care Centers Management Consulting, Inc. and its affiliates are experienced owners and operators of long term care facilities, owning and/or operating seven skilled nursing facilities in Tennessee, and one in Kentucky. Care Centers' affiliated SNFs average 2.2 annual survey deficiencies.

All of Care Center's affiliated facilities submit themselves to Joint Commission scrutiny and are Joint Commission accredited, or are waiting on final accreditation. CCC of Medina will also submit to and be accredited by the Joint Commission. CCC of Medina will continue to be licensed by the Tennessee Board for Licensing Health Care Facilities, and will be TennCare and Medicare certified. Upon the voluntary suspension of operations, Milan HCC's Medicare provider number was voluntarily terminated, but certification and participation in Medicare will be resumed upon the opening of the replacement facility. CCC of Medina will maintain compliance with and remain in good standing with all licensing and accrediting authorities.

The applicant will maintain and comply with its Quality Assurance and Performance Improvement Program. In the interest of brevity a copy of the entire program manual is not attached, but the Table of Contents of the QAPI is attached as Attachment Section A, B (3).

4) Orderly Development to adequate and effective health care.

As addressed briefly above and in more detail elsewhere in this application, the 66 licensed beds are needed in the service area. The operation of these beds has been temporarily voluntarily suspended due to the need for a replacement facility. If this application is approved, the beds will be placed back into service in a new up-to-date facility with more private rooms and a much better patient care environment.

The proposed relocation from Milan to Medina, both within Gibson County, will accomplish a needed redistribution of beds within Gibson County. Medina is clearly the area of greatest population growth in Gibson County. Its population grew by 38.6% between 2010 and 2016, yet there is not a single SNF in the Medina area. Milan, on the other hand, is projected to experience a slight population decrease between 2010 and 2016. There are currently 3 SNFs located in the Milan area, including the former Milan HCC. The relocation will better serve patients in Gibson County by locating beds in the area of greatest population growth, and by more evenly distributing beds geographically throughout Gibson County.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

N/A, Consent Calendar consideration is not requested.

Owner of the Facility, Agency or Institution

A. Christian Care Center of Medina, LLC 423-975-5455
 Name Phone Number
2020 Northpark Drive, Suite 2D Washington
 Street or Route County
Johnson City TN 37604
 City State Zip Code

Christian Care Center of Medina, LLC is a newly formed single member Tennessee limited liability company. Its sole member is J. R. "Randy" Lewis. Organizational documentation is attached as Attachment Section A-4, A.

B. Type of Ownership of Control (Check One)

A. Sole Proprietorship _____ F. Government (State of TN or _____
 B. Partnership _____ Political Subdivision)
 C. Limited Partnership _____ G. Joint Venture _____
 D. Corporation (For Profit) _____ H. Limited Liability Company X
 E. Corporation (Not-for-Profit) _____ I. Other (Specify) _____

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. Attachment Section A-4A.

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

Christian Care Center of Medina, LLC is a newly formed single member Tennessee limited liability company. Its sole member is J. R. "Randy" Lewis.

The facility will be built and owned by Gibson County Real Estate Investors, LLC and leased to the applicant. The sole member of Gibson County Real Estate Investors, LLC is J. R. "Randy" Lewis.

An ownership chart is attached as Attachment Section A-4, B.

5. Name of Management/Operating Entity (If Applicable)

Care Centers Management Consulting, Inc. _____
 Name
2020 Northpark Drive, Suite 2D Gibson
 Street or Route County
Johnson City TN 37604
 City State Zip Code
 Website address: None

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.

CCC of Medina will enter into a management consulting agreement with Care Centers Management Consulting, Inc. The sole shareholder of Care Centers Management Consulting, Inc. is Diversified Ventures, Inc. The sole shareholder of Diversified Ventures, Inc. is J. R. "Randy" Lewis.

A copy of a draft management consulting agreement is attached as Attachment Section A-5.

6A. Legal Interest in the Site of the Institution (Check One)

- | | | | |
|-----------------------------|----------|--------------------|-------|
| A. Ownership | _____ | D. Option to Lease | _____ |
| B. Option to Purchase | _____ | E. Other (Specify) | _____ |
| C. Lease of <u>10</u> Years | <u>X</u> | | |

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.

The facility will be built and owned by Gibson County Real Estate Investors, LLC and leased to the applicant. The sole member of Gibson County Real Estate Investors, LLC is J. R. Randy" Lewis.

A copy of the Real Estate Purchase Agreement with Gibson County Real Estate Investors, LLC as the buyer and a copy of the lease between Gibson County Real Estate Investors, LLC and Christian Care Center of Medina, LLC (f/k/a Christian Care Center of Milan, LLC) are attached as Attachment Section A-6, A. Also included in the attachment is a copy of the deed vesting title in the seller.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan must include:

- a. Size of site (in acres);
- b. Location of structure on the site;
- c. Location of the proposed construction/renovation; and
- d. Names of streets, roads or highway that cross or border the site.

A plot plan is attached as Attachment A-6 B, 1.

- 2) **Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 ½ by 11 sheet of paper or as many as necessary to illustrate the floor plan.**

A floor plan is attached as Attachment A-6 B, 2.

- 3) **Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.**

The site for the proposed replacement facility is at the intersection of Highway 45E and Sonic Drive in or near Medina in Gibson County. Highway 45E is a four lane divided highway, major thoroughfare in Gibson County with excellent accessibility. There is no public transportation currently available in the area.

7. **Type of Institution** (Check as appropriate--~~more~~²⁸ than one response may apply)

- | | |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| A. Hospital (Specify) _____ | H. Nursing Home _____ <u>X</u> |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | I. Outpatient Diagnostic Center _____ |
| C. ASTC, Single Specialty _____ | J. Rehabilitation Facility _____ |
| D. Home Health Agency _____ | K. Residential Hospice _____ |
| E. Hospice _____ | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____ |
| F. Mental Health Hospital _____ | M. Other (Specify) _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ | |

Check appropriate lines(s).

8. **Purpose of Review** (Check appropriate lines(s) – more than one response may apply)

- | | |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| A. New Institution _____ | F. Change in Bed Complement _____ |
| B. Modifying an ASTC with limitation still required per CON _____ | [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] |
| C. Addition of MRI Unit _____ | G. Satellite Emergency Dept. _____ |
| D. Pediatric MRI _____ | H. Change of Location _____ <u>X</u> |
| E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify) _____ | I. Other (Specify) _____ |

9. **Medicaid/TennCare, Medicare Participation**

MCO Contracts [Check all that apply]

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number _____ To be applied for* _____

Medicaid Provider Number _____ To be applied for _____

Certification Type _____ Skilled Nursing Facility _____

* Pursuant to CMS policy, the Milan HCC Medicare number was voluntarily terminated when the license was placed in Inactive Status. New Medicare and Medicaid provider numbers will be obtained upon opening of the replacement facility.

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare X Yes No N/A Medicaid/TennCare X Yes No N/A

10. Bed Complement Data

30

A. Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)	66	0	0	0	0	66
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL	66	0	0	0	0	66

*Beds approved but not yet in service

**Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services.

C. N/A. No new beds are involved in this project.

D. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

N/A.

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Administrative						1908	1908
Nursing						3101	3101
Dayroom/ Activities						2350	2350
Therapy						2102	2102
Kitchen /Dining						3473	3473
Laundry						842	842
Storage						2255	2255
Patient rooms/ Toilets						14836	14836
Mechanical / Elec						900	900
Unit/Department GSF Sub-Total						31767	31767
Circulation/ Structure						9344	9344
Total GSF						41111	41111
*Total Cost						7,194,425	7,194,425
**Cost Per Square Foot						175	175
Cost per Square Foot is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)					<input type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Below 1 st Quartile <input checked="" type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Below 1 st Quartile <input checked="" type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile

N/A. No imaging or CON-covered medical equipment is involved in this project.

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or

2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types:	<input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____
	Total Cost*:	<input type="checkbox"/> By Purchase	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____	
<input type="checkbox"/> MRI	Tesla: _____	Magnet:	<input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____
	Total Cost*:	<input type="checkbox"/> By Purchase	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____	
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI	<input type="checkbox"/> By Purchase	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
	Total Cost*:	<input type="checkbox"/> By Purchase	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____	

* As defined by Agency Rule 0720-9-.01(13)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	_____	_____
Mobile Locations (Applicant)	_____	_____
(Name of Other Location)	_____	_____
(Name of Other Location)	_____	_____

- E. Identify the clinical applications to be provided that apply to the project.
- F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. *If a question does not apply to your project, indicate “Not Applicable (NA).”*

QUESTIONS

NEED

1. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency’s website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

[RESPONSES TO STANDARDS AND CRITERIA IN STATE HEALTH PLAN FOLLOW:]

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

- I. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

The applicant seeks to relocate and replace a facility, the license for which is in Inactive Status. Although the approval of this application will not result in any additional licensed beds, the applicant will respond to the standards and criteria which are applicable to newly licensed facilities and/or beds. Please see the section following the relocation and replacement criteria responses.

2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The applicant acquired Milan HCC effective July 21, 2017. The building which housed Milan HCC was being leased by it. The age of the physical plant (55 years) and the general condition of it was in such that the applicant did not want to purchase the real estate. Since the building is not owned by the applicant, and in light of its outdated condition, there was never a plan to attempt to renovate. The applicant wants to build a new up-to-date facility at a new site

conveniently located on a major US/State Highway in Medina that will better serve the community.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

There is an acceptable existing demand and a much greater projected demand for the beds and services of CCC of Medina, f/k/a Milan HCC.

In 2015 (the latest year for which data is publicly available for Milan HCC) Milan HCC provided 19,126 patient days of care. The relocation and replacement facility will allow the existing 66 licensed beds to continue to serve the area. It is believed the past utilization would have been significantly greater with a new up to date facility, and utilization is projected to increase significantly in the future, due in part to the more attractive facility and more private beds.

The proposed relocation to the Medina area in the southern portion of Gibson County is also expected to increase the utilization of CCC of Medina. Medina is clearly the area of greatest population growth in Gibson County. Its population grew by 38.6% between 2010 and 2016. There is not a single SNF in the Medina area. Milan, on the other hand, is projected to experience a slight population decrease between 2010 and 2016. There are currently 3 SNFs located in the Milan area, including the former Milan HCC.

The northern portion of Gibson County currently has 5 SNFs -- 3 in Milan, and 1 each in Trenton and Dyer. The southern portion of Gibson County has only 4 SNFs -- all located in Humboldt, with none in Medina. The two sectors of the county, with the northern sector represented by population centers of Milan, Trenton, and Dyer, and the southern sector represented by population centers of Medina and Humboldt are roughly the same in population, but the southern sector is projected to experience 9.4% population growth, while the northern sector is projected to experience a 2% decrease in population.

Locating the replacement facility in Medina, in the southern sector of the county, will bring beds into to the greatest population growth area, and better serve the county as a whole. Medina has experienced very strong population growth of 38.6% between 2010 and 2017, as verified by a state-certified special census in 2017. Since there are no SNFs located in Medina, it is good health planning and orderly development of health care to locate the replacement facility there. Please see the table below.

<u>Population Centers</u>	<u>2010 Pop.</u>	<u>2016 Pop.</u>	<u>Population Growth</u>	<u># of SNFs</u>	<u># of Beds</u>
Milan	7,851	7,792	-0.8%	3	255
Trenton	4,264	4,140	-2.9%	1	62
Dyer	2,341	2,236	-4.5%	1	120
Northern County Total	14,456	14,168	-2.0%	5	437
Medina	3,479	4,822*	38.6%	0	0
Humboldt	8,452	8,235	-2.6%	4	399
Southern County Total	11,931	13,057	9.4%	4	399

* Medina "2016 Population" is actual 2017 population as determined by a state-certified special census. All other 2016 population figures are as projected by the U.S. Census

Locating the replacement facility in the southern portion of Gibson County will also help stem out-migration of Gibson County residents to Madison County to receive SNF services. There was significant out-migration from Gibson County for SNF services in 2016. Most of the out-migration was to Madison County, which borders Gibson County to the south.

COUNTY OF SNF CARE -- GIBSON COUNTY RESIDENTS 2016

McNairy	1	0.14%
Crockett	8	1.12%
Gibson	515	72.33%
Shelby	4	0.56%
Haywood	2	0.28%
Davidson	5	0.70%
Rutherford	0	0.00%
Weakley	23	3.23%
Dyer	6	0.84%
Madison	125	17.56%
Montgomery	2	0.28%
Chester	2	0.28%
Henry	2	0.28%
Carroll	8	1.12%
Williamson	1	0.14%
White	1	0.14%
Grundy	1	0.14%
Lake	4	0.56%
Obion	1	0.14%
Decatur	1	0.14%
	712	100.00%

Total Outmigration = 28%

Outmigration to Madison Co. = 18%

Source: Tennessee Department of Health, Division of Health Statistics

Although there are SNFs located in Humboldt which is also in the southern sector of Gibson County, having a new replacement facility in Medina will help decrease out-migration into Madison County, and provide another local SNF option for Gibson County residents.

3. For renovation or expansions of an existing licensed health care institution:

N/A.

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

NURSING HOME BEDS STANDARDS AND CRITERIA

The applicant seeks to relocate and replace a facility the license for which is in Inactive Status. Although the approval of this application will not result in any additional licensed beds, the applicant nevertheless responds to the standards and criteria which are applicable to newly licensed facilities and/or beds, as follows:

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

Need =

.0005 x population 65 and under, plus

.012 x population 65-74, plus

.060 x population 75-84, plus

.150 x population 85 +

According to the calculations of the Department of Health, there is a gross need for 493 beds in Gibson County in 2020. According to the Division of Health Care Facilities website, there is a total of 836 licensed beds in Gibson County in 2018. There is a resulting projected surplus of 343 beds.

2. Planning horizon: The need for nursing home beds shall be projected two years into the future from the current year.

A two year planning horizon from the date of filing was utilized.

3. Establishment of Service Area: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

The primary service area is Gibson County, where the facility is located. It is projected that 80% of the Year 1 admissions will be residents of Gibson County, based on the location of the replacement facility and the ability to decrease out-migration to the south of the county. It is believed a majority of the residents of Gibson County can travel to Medina within 30 minutes.

4. Existing Nursing Home Capacity: In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

N/A. No new beds are proposed.

Occupancy data for each SNF in Gibson County for the years 2014-2016 is attached as Attachment Section B, Need, 1, (1). The average annual occupancy rate for the county as a

whole in 2016 was 74.1%, but this does not include occupancy data for Milan HCC, which apparently did not file a 2016 JAR. The county-wide occupancy was 75.5% in 2015, which includes Milan HCC. That facility had an average occupancy rate of 79.4% in 2015.

Gibson County is particularly underserved with private SNF beds. Of the 836 SNF beds, only 59 are private beds, representing only 7% of the total beds in Gibson County. The proposed new replacement facility will have 40 private beds and 26 semi-private beds, increasing the number of private beds in Gibson County by nearly 68% and making more of the preferred private beds available.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

In 2015 (the latest year for which data is publicly available for Milan HCC) Milan HCC provided 19,126 patient days of care, which is an average annual occupancy rate of 79.4%. It is believed the past utilization would have been significantly greater with a new up to date facility, and utilization is projected to increase significantly in the future, in part due to the more attractive modern facility and more private beds. In addition, the relocation to Medina will increase utilization, as it will decrease out-migration and capture some of the Gibson County residents, particularly those in the southern sector of the county, currently leaving the county for SNF care.

5. **Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.**

There are no outstanding CONs for nursing home beds or to relocate and replace a SNF in Gibson County.

6. **Data: The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.**

The sources relied upon are the Division of Health Care Facilities website, data from the Division of Health Statistics, and Joint Annual Reports.

7. **Minimum Number of Beds: A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.**

N/A. The facility has 66 currently licensed beds, and no new beds are being sought.

8. **Encouraging Facility Modernization: The HSDA may give preference to an application that:**
 - a. **Proposes a replacement facility to modernize an existing facility.**

A new modernized replacement facility is sought by this application. The current facility was constructed in 1963 and has had no major renovations since that time. It is the oldest SNF in Gibson County. The current facility has only 6 private beds and 60 semi-private beds. The replacement facility will have 40 private beds and 26 semi-private beds. In general, private beds are much preferred by those in need of SNF care.

b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.

The site for the replacement facility is at the intersection of Highway 45E and Sonic Drive in Gibson County, approximately 10 miles from the current site. The new site is still within Gibson County, but its location in Media instead of Milan will accomplish a needed re-distribution of beds within Gibson County.

Locating the replacement facility in Medina, in the southern sector of the county, will bring beds into to the greatest population growth area, and better serve the county as a whole. Medina has experienced very strong population growth of 38.6% between 2010 and 2017, as verified by a state-certified special census in 2017. Since there are no SNFs located in Medina, it is good health planning and orderly development of health care to locate the replacement facility there. Please see the table below.

<u>Population Centers</u>	<u>2010 Pop.</u>	<u>2016 Pop.</u>	<u>Population Growth</u>	<u># of SNFs</u>	<u># of Beds</u>
Milan	7,851	7,792	-0.8%	3	255
Trenton	4,264	4,140	-2.9%	1	62
Dyer	2,341	2,236	-4.5%	1	120
Northern County Total	14,456	14,168	-2.0%	5	437
Medina	3,479	4,822*	38.6%	0	0
Humboldt	8,452	8,235	-2.6%	4	399
Southern County Total	11,931	13,057	9.4%	4	399

* Medina "2016 Population" is actual 2017 population as determined by a state-certified special census. All other 2016 population figures are as projected by the U.S. Census Bureau.

Source: U.S. Census Bureau; City of Medina, TN

Locating the replacement facility in the southern portion of Gibson County will also help stem out-migration of Gibson County residents to receive SNF services. In 2016 there was 28% total out-migration from Gibson County, and most of it -- 18% -- was to Madison County, which borders Gibson County to the south.

c. Does not increase its number of operating beds.

This application does not seek to increase the number of licensed beds.

- 9. Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

The proposed staffing plan calls for approximately 39 FTE direct patient care positions and 39 FTE non-direct patient care positions. The staffing pattern is set forth in more detail in the Contribution to Orderly Development section of this application.

Care Centers Management Consulting and its affiliates own and/or operate 7 SNFs in Tennessee and is very experienced in recruiting, hiring and retaining the required staffing.

- 10. Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

Christian Care Center of Medina will have an extensive network of care providers and service vendors. A list of the anticipated contractors and vendors attached as Attachment Section B, Orderly Development, 1.

- 11. Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

Christian Care Center of Medina will serve all patients, regardless of race, age, gender, nationality, socio-economic status or payor source.

The need for the relocation and replacement facility sought by this application is not based on a lack of bed capacity in the service area or upon a significant lack of access to care. No additional licensed beds or increase in capacity is sought.

- 12. Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the

provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

Care Centers Management Consulting, Inc., the consulting company for the facility, is an experienced operator of long term care facilities. It currently operates seven skilled nursing facilities in Tennessee, and one in Kentucky, which are owned by affiliated companies. Care Centers' affiliated facilities average 2.2 annual survey deficiencies.

All of Care Centers' affiliated facilities submit themselves to Joint Commission scrutiny and are Joint Commission accredited, or are waiting on final accreditation. CCC of Medina will also submit to and be accredited by the Joint Commission. CCC of Medina will continue to be licensed by the Tennessee Board for Licensing Health Care Facilities, and will be TennCare and Medicare certified. Upon the voluntary suspension of operations, Milan HCC's Medicare provider number was voluntarily terminated, but certification and participation in Medicare will be resumed upon the opening of the replacement facility. CCC of Medina will maintain compliance with and remain in good standing with all licensing and accrediting authorities.

The applicant will maintain and comply with its Quality Assurance and Performance Improvement Program. In the interest of brevity a copy of the entire program manual is not attached, but the Table of Contents of the QAPI is attached as Attachment Section A, B (3).

- 13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.**

The applicant will provide such data as requested.

14. Additional Occupancy Rate Standards:

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.**

The applicant is not adding any new beds; it is seeking to relocate 66 licensed beds to a new location in a replacement facility.

The projected utilization for CCC of Medina is as follows:

Year 1:	12,739 Patient Days	53% Avg. Occupancy
Year 2:	22,326 Patient Days	93% Avg. Occupancy

- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of**

90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

N/A. This application does not seek any additional beds.

c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

N/A. The applicant is not seeking to expand its bed capacity.

[END OF RESPONSES TO NURSING HOME CRITERIA IN THE STATE HEALTH PLAN]

2. **Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.**

N/A. The applicant has no long range plans beyond the relocation and replacement facility sought by this application.

3. **Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. Attachment Section B - Need-3.**

The projected service area is Gibson County, Tennessee where CCC of Medina will be located. It is projected that 80% of the Year 1 admissions to CCC of Medina will be residents of Gibson County.

The applicant is in an unusual position as to the historical service area of Milan HCC (being defined in terms of patient origin) and the projected service area for the new CCC of Medina. For whatever reason, under the prior ownership a majority of Milan HCC's patient base came from outside of Gibson County. Part of the reason may be the age and condition of the physical facility -- the Milan HCC facility is the oldest in Gibson County, having been constructed in 1963. The local population would probably be more aware of this than would patients and families who were not local. Another reason may be the lack of a SNF in the high-growth Medina area caused families to seek placements out of the county in Madison County.

The applicant will remedy both of these possible short-comings and significantly increase its patient origin from Gibson County.

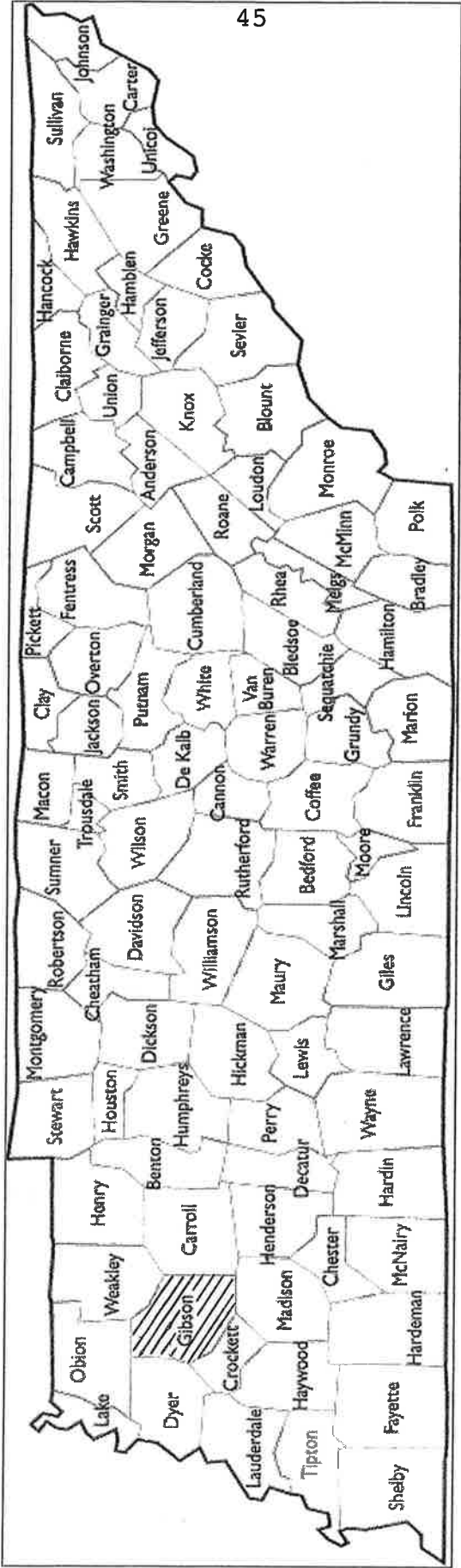
Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents (From Prior Owner's 2015 JAR)	% of total patients
Shelby	20	41.7%
Hardeman	10	20.8%
Gibson	8	16.7%
Rutherford	2	4.2%
Other (no more than 1 each)	8	16.7%
Total	48	100%
Service Area Counties	Projected Utilization-County Residents (Admissions)	% of total admissions
Gibson	85	80%
Other	21	20%
Total	106	100%

As discussed in more detail elsewhere in this application in 2016 125 Gibson County residents out-migrated to Madison County for SNF beds. By relocating the facility from Milan to Medina in south Gibson County, and building a new replacement facility with more private beds, CCC of Medina can capture much of the out-migration to Madison County.

Assuming CCC Medina captures just 60% of the out-migration to Madison County, that will result in 75 admissions, or 71% of the total projected Year 1 admissions. An additional 10 admissions from Gibson County is a reasonable projection, in light of the fact the old facility had 8 patients from Gibson County in 2015. With the significant population growth in the southern portion of Gibson County, particularly in Medina, an additional 2 patients from Gibson County is a very conservative projection. The remaining 20% of the Year 1 patient base, or 21 admissions, will be dispersed among various other counties.

Service Area Map
Christian Care Center of Medina



4. A. 1) Describe the demographics of the population to be served by the proposal.

A table with the requested information is attached as Attachment Section B, Need, 4 A. The table includes both a 4 year and a 2 year planning horizon.

2) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

A table with the requested information is attached as Attachment Section B, Need, 4 A. The table includes both a 4 year and a 2 year planning horizon.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

CCC of Medina will be accessible to all socio-economic groups. The facility will participate in TennCare and Medicare.

Special needs and relevant demographic characteristics of the service area that can be summarized from the attached table include the following:

Both the overall population and the 65+ population are projected to grow at a smaller rate than the state as a whole. However, the target population of 65+ is projected to be a greater percentage of the total in the service area (20% in 2020) as compared to the state as a whole (18% in 2020).

The percentage of the population living below the poverty level in Gibson County (18.7%) is higher than the state as a whole (17.2%). The percentage of the population enrolled in TennCare (24.9%) is higher than the state as a whole (21%).

5. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

This application seeks no additional beds or an increase in capacity; it is for the relocation of existing licensed beds and a replacement facility only.

Detailed utilization data for each SNF in Gibson County for the years 2014-2016 is previously attached as Attachment Section B, Need, 1, (1). The data includes patient days by level of care, ADC by level of care, occupancy percentage, and number of beds by certification type.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the

methodology used to project utilization⁷. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Milan HCC (Under previous ownership):

2016:	No JAR on file	
2015:	19,126 Patient Days	79.4% Occupancy
2014:	20,065 Patient Days	83.3% Occupancy

CCC of Medina Projected Utilization:

Year 1:	12,739 Patient Days	53% Occupancy
Year 2:	22,326 Patient Days	93% Occupancy

The facility will begin its first year of operation with no patients. During the first year, it is expected that Medicare Part A patients will make up a higher percentage of the overall census due to the fact that most patients will initially admit to the facility from a hospital. Occupancy is expected to grow steadily during the first year of operation, reaching 90% occupancy by the end of the first year.

By the second year of operation, it is expected that the facility's occupancy and mix will stabilize around 93%, with Medicaid making up the largest portion of the facility's overall mix as the facility achieves higher overall occupancy levels and retains a larger number of long-term residents. The facility will serve both short-stay, more acute patients, as well as longer-term patients.

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)
 - B. The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

A Project Costs Chart with the requested information and cost components is attached on the following pages.

- D. Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

A Square Footage and Cost Per Square Foot Chart is attached at the appropriate place in the application.

- E. For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

- 1) A general description of the project;
 - 2) An estimate of the cost to construct the project;
 - 3) A description of the status of the site's suitability for the proposed project; and
 - 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

A letter from the project architect is attached as Attachment Section B, Economic Feasibility, 1.

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PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		\$ 300,000.00
2. Legal, Administrative, Consultant Fees		\$ 35,000.00
3. Acquisition of Site		\$ 575,000.00
4. Preparation of Site		\$ 190,000.00
5. Total Construction Costs		\$ 7,194,425.00
6. Contingency Fund	7%	\$ 530,610.00
7. Fixed Equipment (Not included in Construction Contract)		
8. Moveable Equipment (List all equipment over \$50,000.00)		
9. Other (Specify) <u>FF&E (see attached list)</u>		\$ 959,122.00
B. Acquisition by gift donation, or lease:		
1. Facility (Inclusive of building and land)		
2. Building Only		
3. Land Only		
4. Equipment (Specify) _____		
5. Other (Specify) _____		
C. Financing Costs and Fees:		
1. Interim Financing (Construction Period Interest)		\$ 280,000.00
2. Underwriting Costs		\$ 50,000.00
3. Reserve for One Year's Debt Service		
4. Other (Specify) _____		
D. Estimated Project Cost (A+B+C)		\$ 10,114,157.00
E. CON Filing Fee		\$ 58,156.40
F. Total Estimated Project Cost (D + E)	TOTAL	\$ 10,172,313.40

FF&E (Line A, 9)

Resident Room Furniture	425,000
Dining Room Furniture	48,000
Common Area Furniture	30,000
Office Furniture	35,000
Soft goods	60,000
Art	11,000
Signage	7,000
TV's	18,000
Greenery	8,000
Logistics & Installation	68,879
Freight	24,543
Total	735,422

Rehab and fitness	99,000
Environmental	33,000
Small wares	22,000
Clinical	34,000
Textiles	10,000
logistics & Installation	18,480
Freight	7,220

Total	223,700
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Total FFE	959,122
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2. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. *(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)*

- ☒ A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

Funding letters are attached as Attachment Section B, Economic Feasibility, 2. There is one from the Bank of Tennessee for construction and start-up costs in the amount of approximately \$10.2 million, and one from the Bank of Tennessee for a line of credit for working capital in the amount of \$1 million.

- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D. Grants – Notification of intent form for grant application or notice of grant award;
- ☐ E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ F. Other – Identify and document funding from all other sources.

3. Complete Historical Data Charts on the following two pages—Do not modify the Charts provided or submit Chart substitutions!

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. Only complete one chart if it suffices.

Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

A Historical Data Chart of the prior owner's operations is attached following this response.

HISTORICAL DATA CHART

— Total Facility
— Project Only

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month)

	Year: 2016	Year: 2015	Year: 2014
A. Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	17,190 patient days	19,126 patient days	20,065 patient days
B. Revenue from Services to Patients			
1. Inpatient Services	\$3,749,289.00	\$4,063,317.00	\$3,788,087.00
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue	\$254,177.00	\$213,772.00	\$92,797.00
Specify: Miscellaneous Income			
Gross Operating Revenue	\$4,003,466.00	\$4,277,089.00	\$3,880,884.00
C. Deductions from Operating Revenue			
1. Contract Deductions	\$970,579.00	\$1,008,183.00	\$622,043.00
2. Provision for Charity Care	\$40,208.00	\$55,985.33	\$87,004.00
3. Provision for Bad Debt	\$20,104.00	\$27,992.67	\$43,502.00
Total Deductions	\$1,030,891.00	\$1,092,161.00	\$752,549.00
NET OPERATING REVENUE	\$2,972,575.00	\$3,184,928.00	\$3,128,335.00
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	\$581,825.00	\$642,335.00	\$669,352.00
b. Non-Patient Care	\$442,862.00	\$446,828.00	\$588,884.00
2. Physicians' Salaries and Wages	\$14,400.00	\$14,400.00	\$14,400.00
3. Supplies	\$108,246.00	\$114,257.00	\$224,931.00
4. Rent			
a. Paid to Affiliates	\$235,787.00	\$235,254.00	\$235,007.00
b. Paid to Non-Affiliates			
5. Management Fees:			
a. Fees to Affiliates	\$432,153.00	\$195,304.00	\$194,769.00
b. Fees to Non-Affiliates			
6. Other Operating Expenses	\$2,386,384.00	\$1,152,355.00	\$1,005,888.00
Total Operating Expenses	\$4,201,657.00	\$2,800,733.00	\$2,933,231.00
E. Earnings Before Interest, Taxes, and Depreciation	-\$1,229,082.00	\$384,195.00	\$195,104.00
F. Non-Operating Expenses			
1. Taxes	\$276,855.00	\$266,681.00	\$186,239.00
2. Depreciation	\$41,135.00	\$43,547.00	\$58,850.00
3. Interest	\$13,204.00	\$28,898.00	\$34,647.00
4. Other Non-Operating Expenses			
Total Non-Operating Expenses	\$331,194.00	\$339,126.00	\$279,736.00
NET INCOME (LOSS)	-\$1,560,276.00	\$45,069.00	-\$84,632.00
G. Other Deductions			
1. Annual Principal Debt Repayment			
2. Annual Capital Expenditure			
Other Total Deductions	\$0.00	\$0.00	\$0.00
NET BALANCE	-\$1,560,276.00	\$45,069.00	-\$84,632.00
DEPRECIATION	\$0.00	\$0.00	\$0.00
FREE CASH FLOW (Net Balance + Depreciation)	-\$1,560,276.00	\$45,069.00	-\$84,632.00

HISTORICAL DATA CHART -- OTHER EXPENSES

___ Total Facility
 ___ Project Only

<u>OTHER EXPENSE CATEGORY</u>	Year <u>2016</u>	Year <u>2015</u>	Year <u>2014</u>
1. Professional Services Contracts	\$40,194.00	\$25,497.00	\$40,229.00
2. Contract Labor	\$543,353.00	\$531,275.00	\$334,614.00
3. Imagng Interpretation Fees (Itemize all others below)			
Payroll tax, empl. benefits	\$141,936.00	\$174,992.00	\$206,022.00
Insurance	\$117,763.00	\$129,704.00	\$134,076.00
Penalties	\$1,301,294.00	\$1,194.00	\$0.00
All other expenses	\$241,844.00	\$289,693.00	\$290,947.00
TOTAL OTHER EXPENSES	<u>\$2,386,384.00</u>	<u>\$1,152,355.00</u>	<u>\$1,005,888.00</u>

4. Complete Projected Data Charts on the following two pages – Do not modify the Charts provided or submit Chart substitutions!

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. Only complete one chart if it suffices.

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

A completed Projected Data Chart is attached following this page.

PROJECTED DATA CHART

☒ Total Facility
☐ Project Only

Give information for the last two (2) years for which complete data are available for the facility or agency. The fiscal year begins in ____ January ____ (Month)

	Year: 1	Year: 2
A. Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	12,739 patient days	22,326 patient days
B. Revenue from Services to Patients	53 % occupancy	93 % occupancy
1. Inpatient Services	\$3,958,954.00	\$6,589,763.00
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue	\$3,900.00	\$9,600.00
Specify: Phone, Cable, Guest Meals		
Gross Operating Revenue	\$3,962,854.00	\$6,599,363.00
C. Deductions from Operating Revenue		
1. Contract Deductions	\$223,643.87	\$444,882.46
2. Provision for Charity Care	\$50,115.01	\$83,417.50
3. Provision for Bad Debt	\$31,925.12	\$53,140.03
Total Deductions	\$305,684.00	\$581,440.00
NET OPERATING REVENUE	\$3,657,170.00	\$6,017,923.00
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$866,622.00	\$1,476,621.00
b. Non-Patient Care	\$492,502.00	\$558,493.00
2. Physicians' Salaries and Wages	\$18,000.00	\$18,000.00
3. Supplies	\$263,254.00	\$413,934.00
4. Rent		
a. Paid to Affiliates	\$774,000.00	\$774,000.00
b. Paid to Non-Affiliates		
5. Management Fees:		
a. Fees to Affiliates	\$109,715.00	\$180,538.00
b. Fees to Non-Affiliates		
6. Other Operating Expenses	\$1,320,327.00	\$1,834,555.00
Total Operating Expenses	\$3,844,420.00	\$5,256,141.00
E. Earnings Before Interest, Taxes, and Depreciation	-\$187,250.00	\$761,782.00
F. Non-Operating Expenses		
1. Taxes	\$206,850.00	\$206,850.00
2. Depreciation	\$120,000.00	\$120,000.00
3. Interest	\$2,400.00	\$2,400.00
4. Other Non-Operating Expenses	\$36,000.00	\$36,000.00
Total Non-Operating Expenses	\$365,250.00	\$365,250.00
NET INCOME (LOSS)	-\$552,500.00	\$396,532.00
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment		
2. Annual Capital Expenditure		
Other Total Deductions	\$0.00	\$0.00
NET BALANCE	-\$552,500.00	\$396,532.00
DEPRECIATION	\$0.00	\$0.00
FREE CASH FLOW (Net Balance + Depreciation)	-\$552,500.00	\$396,532.00

PROJECTED DATA CHART -- OTHER EXPENSES

☒ Total Facility
☐ Project Only

OTHER EXPENSE CATEGORYYear 1 Year 2

1. Professional Services Contracts	\$60,259.00	\$73,188.00
2. Contract Labor	\$328,094.00	\$460,492.00
3. Imagng Interpretation Fees (Itemize all others below)		
Payroll Taxes, Employee Benefits, Workers Comp	\$293,203.00	\$445,508.00
Property and Liability Insurance	\$66,000.00	\$66,000.00
All Other Expenses	\$572,771.00	\$789,367.00
TOTAL OTHER EXPENSES	\$1,320,327.00	\$1,834,555.00

5. A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year (2016- Prior Owner)	Current Year	Year One	Year Two	% Change (2016 Prior Owner - Year 2)
Gross Charge (Gross Operating Revenue/Utilization Data)	\$232.90	N/A	\$311.08	\$295.59	27%
Deduction from Revenue (Total Deductions/Utilization Data)	\$59.97	N/A	\$23.99	\$26.04	-57%
Average Net Charge (Net Operating Revenue/Utilization Data)	\$172.92	N/A	\$287.08	\$269.55	56%

- B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

The projected average charges are reflected above. The anticipated revenues are reflected in the Projected Data Chart. There are no current charges.

- C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

The projected average charges for CCC of Medina in Year 1 of operation are reflected above. The average charges of other SNF providers in Gibson County in 2016 are reflected below.

Facility	Total Gross Revenue	Total Net Revenue	Total Days of Care	Average Gross Charge PPD	Average Net Charge PPD
Bailey Park Community Living Center	\$5,391,201.00	\$4,520,449.00	13,505	\$399.20	\$334.72
Douglas Nursing Home	\$4,493,517.00	\$3,232,830.00	19,683	\$228.29	\$164.24
Dyer Nursing and Rehabilitation Center	\$8,675,526.00	\$7,783,422.00	35,828	\$242.14	\$217.24
Humboldt Healthcare and Rehab Center	\$5,995,054.00	\$4,438,188.00	17,701	\$338.68	\$250.73
Humboldt Nursing and Rehabilitation Center	\$5,531,287.00	\$4,944,387.00	22,767	\$242.95	\$217.17
NHC HealthCare, Milan	\$10,688,477.00	\$8,833,727.00	35,010	\$305.30	\$252.32
Trenton Center	\$9,584,009.00	\$7,935,850.00	15,401	\$622.30	\$515.28
Tenn. State Veterans' Home	\$16,793,140.00	\$15,288,717.00	48,283	\$347.81	\$316.65

6. A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment Section B-Economic Feasibility-6A. NOTE: Publicly held entities only need to reference their SEC filings.

Christian Care Center of Medina, LLC is a newly formed entity, and therefore no financial data exists. There is no parent company of CCC of Medina.

As reflected in the Projected Data Chart, CCC of Medina is expected to have an operating loss in Year 1, but will be profitable in Year 2 and thereafter.

Financial stability and viability is assured by the fact the applicant will be backed by a \$1 million line of credit. Please see the funding letters attached as Attachment Section B, Economic Feasibility, 2.

- B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year (2016 Prior Owner)	1st Year previous to Current Year (2015 Prior Owner)	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	-0.41	0.12	N/A	-.05	.13

- C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: Long Term Debt/(Long Term Debt + Total Equity) x 100.

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

N/A. The applicant is a newly formed company, and has no long term debt.

7. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$1,923,569	48.54 %
TennCare/Medicaid	\$1,475,767	37.24 %
Commercial/Other Managed Care	\$115,319	2.91 %
Self-Pay	\$329,313	8.31 %
Charity Care	\$50,328	1.27 %
Other (Specify) Hospice	\$68,557	1.73 %
Total	\$3,962,854	100.00 %

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care Positions				
RN	N/A	4.2	\$32.39	\$30.00
LPN	N/A	7.0	\$23.81	\$20.20
CNA	N/A	19.6	\$13.35	\$12.00
Activities & Chaplain	N/A	2.25	\$17.57	Not Listed
Dietary	N/A	6.42	\$13.25	\$12.00
Total Direct Patient Care Positions	N/A	39.47	\$20.07	\$18.55
B. Non-Patient Care Positions				
Administrator	N/A	1.0	\$48.08	\$46.00
Human Resources	N/A	2.0	\$19.65	\$19.65
Housekeeping	N/A	4.94	\$11.60	\$9.85
Laundry	N/A	1.4	\$11.60	\$9.85

Nursing Administration	N/A	60 3.0	\$37.58	Not Listed
Medical Records	N/A	1.0	\$19.23	\$17.75
Maintenance	N/A	23.68	\$21.00	\$18.60
Marketing/Social Services	N/A	2.0	\$29.43	\$28.00
Total Non-Patient Care Positions	N/A	39.02	\$24.77	\$21.39
Total Employees (A+B)	N/A	78.49		
C. Contractual Staff				
Physical Therapist	N/A	1.40	\$43.00	\$42.75
Physical Therapist Assistant	N/A	2.80	\$35.00	\$34.10
Occupational Therapist	N/A	1.40	\$41.00	\$40.65
Certified Occupational Therapy Assistant	N/A	2.40	\$35.00	No Info Available
Speech Therapist	N/A	1.40	\$40.00	\$36.95
Medical Director	N/A	0.05	\$150.00	\$138.40
Respiratory Therapist	N/A	0.50	\$24.00	\$23.80
Total Contractual Positions	N/A	9.95		
Total Staff (A+B+C)	N/A	88.44		

9. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

A. Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

No more cost effective or efficient options were identified. The current building is 55 years old, and is deficient in many areas. In addition, the facility is in a leased building, making the option of renovating the existing facility impractical and not feasible. Finally, there are overwhelming benefits to relocating the facility to Medina as discussed elsewhere in this application.

Continuing to operate the facility while the new replacement facility is being built was determined to be a potential hazard to frail SNF patients and as such was rejected as an option for that reason. In addition, the proposed replacement facility will be an up-to-date facility, and will provide significantly more private beds than is the case at the current facility. For this reason, the only viable option is to temporarily voluntarily suspend operations while the new replacement facility is sought and built.

B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

There is no feasible option to new construction. The current building is 55 years old, and is deficient in many areas. In addition, the facility is in a leased building, making the option of renovating the existing facility impractical and not feasible. The only way to achieve a modernized facility is the construction of the new replacement facility.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- 1. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.**

A list of anticipated providers, vendors, and contractors in the applicant's network is attached as Attachment B, Orderly Development, 1.

- 2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

A. Positive Effects

This project will achieve several positive effects:

1. It will allow the 66 licensed skilled nursing beds to be put back into operation in a modern new facility conveniently located on a major US/State Highway in Gibson County.
2. The replacement facility will bring a much needed new, modern SNF to the area. The current facility where Milan HCC was housed is the oldest in Gibson County, having been built in 1963. The average age of SNF facilities in Gibson County is 33 years.
3. The replacement facility will significantly increase the number of private beds in Gibson County. The old facility has only 6 private beds and 60 semi-private beds. The new replacement facility will have 40 private beds and 26 semi-private beds. County-wide there are only 59 private beds out of a total of 836 licensed beds. Private beds are much preferred by most SNF patients and their families.
4. The relocation from Milan to Medina will result in a needed geographic re-distribution of beds in Gibson County. Medina is by far the area of greatest population growth, experiencing a 38.6% growth in population between 2010 and 2017. Milan is projected to experience a 2% population decrease during this period. There are currently 3 SNFs located in Milan, and none in Medina.
5. The relocation from Milan to Medina in southern-most Gibson County should allow CCC of Medina to capture much of the out-migration to Madison County to the south of Gibson County. In 2016 there was a total of 28% out-migration of SNF patients from Gibson County, and 18% out-migration to Madison County alone. Relocating to Medina and constructing a new modernized facility with ample private beds will stem the out-migration and give Gibson County residents a very attractive and convenient option for skilled nursing care.

B. Negative Effects

The only potential negative aspect of this project is it required the voluntary suspension of operations at the facility pending the construction of the replacement facility. The temporary voluntary suspension of operations was necessary, however, due to the deficient condition of the building and the new operators' concerns about being able to operate the facility and provide the highest quality of care. The proposed replacement facility will be a modern, spacious and conveniently located facility with 40 private beds and 26 semi-private beds.

Although the new replacement facility will re-introduce competition into the market after the voluntary suspension of operations at the former Milan HCC, it provides for healthy competition, and will not be an unnecessary duplication of services.

3. A. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

The staffing pattern reflected in the response to Section B, Economic Feasibility 8 is compliant with all applicable licensing and accreditation requirements.

B. Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The applicant has reviewed and understands all licensing and/or certification requirements of the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff.

C. Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Christian Care Center of Medina supports the development, growth, and diversification of individuals seeking careers in health care and will explore participation in the training of students in the areas of medicine, nursing, social work, etc. through clinical affiliation agreements with:

Bethel University
325 Cherry Street
McKenzie, TN 38201

Freed-Hardeman University
158 East Main Street
Henderson, TN 38340

Jackson State Community College
2046 North Parkway
Jackson, TN 38301

Lane College
545 Lane Avenue
Jackson, TN 38301

4. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Tennessee Board for Licensing Healthcare Facilities

Certifications: Medicare and TennCare

Accreditations: Joint Commission

- A. If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

A copy of a letter from the Tennessee Department of Health, Office of Health Care facilities acknowledging approval of the license change to CCC of Milan (subsequently renamed CCC of Medina) is attached as Attachment Section B, Orderly Development 4, A.

- B. For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

The most recent survey and Statement of Deficiencies, was directed to the previous owner of Milan HCC, and not the applicant. After the CHOW to CCC of Medina, LLC (f/k/a CCC of Milan) the applicant cooperated with the Department Health and submitted a Plan of Correction, essentially on behalf of the previous owner, which was approved by the Department.

The entire Statement of Deficiencies is 342 pages in length. In the interest of brevity, and since the cited deficiencies were in no part attributable to the applicant, a copy is not attached but will be made available if required. A copy of a letter from the Department of Health approving the applicant's Plan of Correction and deeming the facility is compliance is attached as Attachment B, Orderly Development, 4, B.

- C. Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

- 1) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

Please see the immediately preceding response, and the letter accepting the Plan of Correction, attached as Attachment B, Orderly Development, 4, B.

5. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- A. Has any of the following:

- 1) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- 2) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- 3) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

B. Been subjected to any of the following:

- 1) Final Order or Judgment in a state licensure action;

No

- 2) Criminal fines in cases involving a Federal or State health care offense;

No

- 3) Civil monetary penalties in cases involving a Federal or State health care offense;

No

- 4) Administrative monetary penalties in cases involving a Federal or State health care offense;

No

- 5) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

No

- 6) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

No

- 7) Is presently subject off/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

No

- 8) Is presently subject to a corporate integrity agreement.

No

6. Outstanding Projects:

- A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

None.

- B. Provide a brief description of the current progress, and status of each applicable outstanding CON.

N/A.

7. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- A. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? _____

No

- B. If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? _____

N/A

- C. If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? _____

N/A

QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

The applicant verifies it will do so.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

This appears to be a policy statement to which no response is necessary.

2. People in Tennessee should have access to health care and the conditions to achieve optimal health.

This project will improve access by making the 66 licensed beds available again after the temporary voluntary suspension of operations in order to construct the replacement facility. It will optimize care by bringing to the market a spacious, modern, conveniently located facility with an ample number of private beds.

3. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

The project will improve access to and quality of health care in an economically feasible manner, as reflected in the Projected Data Chart.

4. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

The new Christian Care Center of Medina will maintain its licensure with the Tennessee Board for Licensing Health Care Facilities in good standing. It will submit itself to the scrutiny of and be accredited by the Joint Commission, and will be certified by CMS for Medicare participation. It will adhere to the quality monitoring and standards of all such institutions.

5. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

Christian Care Center of Medina will hire approximately 78 direct and non-direct patient care FTE positions. It will pay competitive salaries and benefits in order to help retain its staff.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

The Notice of Intent was published in the Milan Mirror Exchange which is a newspaper of general circulation in Gibson County, Tennessee on February 6, 2018 for one day.

A Publisher's Affidavit is attached following this page.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

N/A

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**

A completed Project Completion Forecast Chart is attached on the following pages.

2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the “good cause” for such an extension.

N/A. An extended period of validity is not requested.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

<u>Phase</u>	<u>Days Required</u>	<u>Anticipated Date (Month/Year)</u>
1. Initial HSDA decision date	*	June 2018
2. Architectural and engineering contract signed	0	July 2018
3. Construction documents approved by the Tennessee Department of Health	150	December 2018
4. Construction contract signed	150	December 2018
5. Building permit secured	180	January 2019
6. Site preparation completed	270	April 2019
7. Building construction commenced	300	May 2019
8. Construction 40% complete	390	August 2019
9. Construction 80% complete	510	November 2019
10. Construction 100% complete	660	April 2020
11. *Issuance of License	690	May 2020
12. *Issuance of Service	720	June 2020
13. Final Architectural Certification of Payment	750	July 2020
14. Final Project Report Form Submitted (Form HR0055)	780	August 2020

***For projects that DO NOT involve construction or renovation, complete Items 11 & 12 only.**

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

Courthouse Report

Marriage Licenses
Daniel Julian Knowles of Humboldt and Kassey Laquese Brooks of Humboldt.
Ricky Dale McCormick of Bradford and Kimberly Denise Nelson Boone of Bradford

Divorces
Rhonda Sue Ramey vs. James Michael Ramey

Real Estate Transfers
Phillip Van Ravenswaay and wife, Leslie Van Ravenswaay to Lail Whittemore and wife, Kelly Whittemore - Medina - \$326,000

Coy L. Hathcock, Cynthia H. Walker and Crystal Lyn McGee to Joseph Cates and wife, Leigh Ann Cates - Bradford - \$170,000

Farm Credit Mid-America, FLCA to Mark Baucum - Konton - \$7,500
Gregory Ray Samples to Marvin Morgan and wife, Tonia Morgan - Trenton - \$27,000

Lisa Woodruff and Daniel Isaac Riddick to Williams Family Farms and Properties, LLC - Gibson County

Ray T. Whitwell and wife, Linda F. Whitwell to Jake Stewart - Milan - \$62,000
Fannie Mae, a/k/a Federal National Mortgage Association, to Antonio D. Pigue - Trenton - \$98,490

Kimberly Ann Lowery, Trustee of the Kal Living Trust, to William H. Little and wife, Betty Lou Little and Joshua C. Little and wife, Katie H. Little - Bradford - \$860,000

Robert Hickerson and wife, Loraine Hickerson to Daniel Walter Lynn and wife, Regina Elizabeth Lynn - Milan - \$9,000
Bayview Loan Servicing, LLC to Joseph Brian Moss - Humboldt - \$15,700

Building Permits
Jerald Jewell, 12504 Highway 45 Bypass, Trenton
Stephanie Ulrich, 307 State Route 187, Medina
Clearview Tower Company, LLC, 4050 Ellis Street, Milan
Dustin and Caryo Walters, 130 Slim Charlton Road, Bradford

Poed Inspections
Children's Learning Center, Humboldt, complete inspection, 100 score
Taco Bell, Humboldt, complete inspection, 98 score
Presbyterian Day School Caf.

eteria, Humboldt, complete inspection, 99 score
C&G Lounge, Milan, complete inspection, 100 score
Humboldt Senior Citizen Center, complete inspection, 99 score

Papa's Pizza To Go, Milan, complete inspection, 98 score
Deerfield Inn Food, Humboldt, complete inspection, 93 score, two critics

Deerfield Inn Food, Humboldt, follow-up inspection, 100 score
Pizza Hut, Humboldt, complete inspection, 99 score
Emery's Burger Barn, Humboldt, complete inspection, 88 score, three critics

Kid's Land, complete inspection, 100 score
East End School Cafeteria, Humboldt, complete inspection, 98 score
East End School Cafeteria, Humboldt, follow-up inspection, 100 score

MCLC, Inc., Medina, complete inspection, 98 score
Sonic Drive-In, Medina, complete inspection, 100 score
Little Caesar's, Milan, complete inspection, 95 score, one critical

Little Caesar's, Milan, follow-up inspection, 100 score
South Gibson County High School Cafeteria, Medina, complete inspection, 100 score
Humboldt Donuts, complete inspection, 99 score

Subway, Humboldt, complete inspection, 95 score, one critical
Humboldt High School Cafeteria, complete inspection, 100 score
Emery's Burger Barn, Humboldt, follow-up inspection, 97 score

Noah's Ark Learning Center, Milan, complete inspection, 99 score
Medina Elementary School Cafeteria, complete inspection, 100 score
Subway, Milan, complete inspection, 99 score

Lee's Famous Chicken, Milan, complete inspection, 95 score, one critical
Lee's Famous Chicken, Milan, follow-up inspection, 100 score
Penbrook High School Cafeteria, Trenton, complete inspection, 97 score

Sonic Drive-In, Humboldt, complete inspection, 99 score
The following real estate located in Gibson County, Tennessee, will be sold to the highest and best bidder for cash or certified funds ONLY, the following described property situated in Gibson County, Tennessee, to wit:

NOTICE OF SUBSTITUTE TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms and conditions of a Deed of Trust dated January 30, 2008, executed by BOB HARRIS AND MARY HARRIS, conveying certain real property therein described to HEATHER LEWIS, as Trustee, as same appears of record in the Register's Office of Gibson County, Tennessee, recorded January 31, 2008, in Deed Book 922, Page 439; and WHEREAS, the beneficial interest of said Deed of Trust was last transferred and assigned to Bayview Loan Servicing, LLC a Delaware Limited Liability Company who is now the owner of said debt; and WHEREAS, the undersigned, Rubin Lublin TN, PLLC, having been appointed as Substitute Trustee by instrument to be filed for record in the Register's Office of Gibson County, Tennessee, NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable, and that the undersigned, Rubin Lublin TN, PLLC, as Substitute Trustee or his duly appointed agent, by virtue of the power, duty and authority vested and imposed upon said Substitute Trustee will, on March 8, 2018 at 10:00 AM at the Main Entrance of the Gibson County Courthouse, located in Trenton, Tennessee, proceed to sell at public outcry to the highest and best bidder for cash or certified funds ONLY, the following described property situated in Gibson County, Tennessee, to wit:

CERTAIN HOUSE AND LOT IN THE TOWN OF DYER, 21ST CIVIL DISTRICT OF GIBSON COUNTY, TENNESSEE, AND BOUNDED AND DESCRIBED AS FOLLOWS: THIS HOUSE AND LOT IS ON THE WEST SIDE OF U.S. HIGHWAY NO. 45W AND IN THE SECOND WARD OF THE TOWN OF DYER AND BOUNDED ON THE EAST 62 FEET ON U.S. HIGHWAY NO. 45W TO CUMBERLAND CHURCH LOT; THENCE ON THE SOUTH BY ADA HOPPER; RUNNING WEST 165 FEET TO R.R. DAVIS ROAD LOT; THENCE NORTH 62 FEET TO J.T. FARMERS LINE AND CUMBERLAND CHURCH LOT; THENCE EAST WITH SAID CUMBERLAND CHURCH LOT 165 FEET; THENCE SOUTH WITH U.S. HIGHWAY NO. 45W 62 FEET TO THE BEGINNING; AND CONTAINING BY ESTIMATION TO BE 1/2 ACRE MORE OR LESS PARCEL ID: 047N B 000212 PROPERTY ADDRESS: The street address of the property is believed to be 496 MAIN ST., DYER, TN 38330. In the event of any discrepancy between this address and the legal description of the property, the legal description shall control. CURRENT OWNER(S): ESTATE AND/OR HEIRS AT LAW OF BOB HARRIS AND MARY HARRIS. BOBBY KEITH HARRIS, WILLIE MAE HARRIS - INTERESTED PARTIES: The sale of the above-described property shall be subject to all matters shown on any recorded plat; any unpaid taxes; any restrictive covenants, easements or set-back lines that may be applicable; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. This property is being sold

with the express reservation that it is subject to confirmation by the lender or Substitute Trustee. The sale shall be extended at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. All right and equity of redemption, statutory or otherwise, homestead, and dower are expressly waived in the Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee. The property is sold as is, where is, without representations or warranties of any kind, including fitness for a particular use or purpose. THIS SALE IS SUBJECT TO CONFIRMATION BY THE LENDER OR SUBSTITUTE TRUSTEE. THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION, UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE. THE TERMS OF SALE ARE CASH, ANY TAXES OR FEES WILL BE THE RESPONSIBILITY OF THE PURCHASER. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

SUBSTITUTE TRUSTEE'S SALE
Sale at public auction will be on March 7, 2018 on or about 1:00PM local time, at the South Court, Gibson County Courthouse, located in Trenton, Tennessee, conducted by the Substitute Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by JENNIE PATRICK, to Emory James House or Bill R. McLaughlin, Trustee, on March 11, 2004, at Record Book 793, Page 168 in the real property records of Gibson County, Tennessee.

Owner of Debt: Regions Bank dba Regions Mortgage, successor by merger to Union Financial Bank N.A.
The following real estate located in Gibson County, Tennessee, will be sold to the highest and best bidder subject to all unpaid taxes, prior liens and encumbrances of record:

Beginning at a stake in the center of the Old Cades and Trenton gravel road and in the west margin of Willie Howell's new private road and originally the Old Cades to Trenton Road; runs thence North with the west margin of said road; runs thence North with the west margin of said road; runs thence North 55 degrees West 15 feet to a stake in the field; thence across the field South 33 degrees West 207 feet to a stake in the Cades Trenton gravel road; thence with the center of said road South 52 degrees East 174 feet to the point of beginning. Source of description being prior deed.

This being the same property conveyed to Jennie Patrick by warranty deed dated March 12, 2004 in OBVD 793, page 166, in the Register's Office of Gibson County, Tennessee.
Map 106 Parcel 32
Property Address: 14 Cades Loop Rd, Trenton, TN 38382
Tax ID: 106 032.00
Current Owner(s) of Property: JENNIE PATRICK

The street address of the above described property is believed to be 14 Cades Loop Rd., Trenton, TN 38382, but such address is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description referenced herein shall control.

SALE IS SUBJECT TO CONFIRMATION BY THE LENDER OR SUBSTITUTE TRUSTEE. THE RIGHT IS RESERVED TO ADJOURN THE DAY OF

PUBLIC NOTICES
THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION, UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE. THE TERMS OF SALE ARE CASH, ANY TAXES OR FEES WILL BE THE RESPONSIBILITY OF THE PURCHASER. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

INTERESTED PARTIES: None
THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE. Rubin Lublin TN, PLLC, Substitute Trustee 119 S. Main Street, Suite 500 Memphis, TN 38103
info@rubinlublin.com
Tel: (877) 813-9992 Fax: (666) 601-5840 Ad #13456 02/06/2018, 02/13/2018, 02/20/2018

39.3c
If applicable, the notice requirements of T.C.A. 35-5-101 have been met.
The undersigned, by virtue of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, but the undersigned will sell and convey only as Substitute Trustee.
If the U.S. Department of Treasury/IRS, the State of Tennessee Department of Revenue, or the State of Tennessee Department of Labor or Workforce Development are listed as Interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entities' right to redeem the property as required by 26 U.S.C. 7425 and T.C.A. 897-1-2 Number: 061P A 0618 009.00

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. If the sale is set aside for any reason, the Purchaser at the sale shall be entitled only to a return of the purchase price. The Purchaser shall have no further recourse against the Mortgagee, the Mortgagee or the Mortgagee's attorney.
MWZM File No. 17-000088-625
MACKIE WOLF ZIENTZ & MANN, P. C., Substitute Trustee(s)
PRIMER BUILDING, SUITE 404
3217 MARYLAND WAY
BRENTWOOD, TENNESSEE 37027
PHONE: (615) 238-3630
EMAIL: TNSALES@MWZMLAW.COM

39.3c
NOTICE OF FORECLOSURE SALE
STATE OF TENNESSEE, GIBSON COUNTY
WHEREAS, Jackie R. Skelton executed a Deed of Trust to Regions Bank, Lender and Trustee(s), which was dated October 9, 2015 and recorded on October 28, 2015 in Book 1000, Page 453, Gibson County, Tennessee Register of Deeds, and
WHEREAS, default having been made in the payment of the debt(s) and obligation(s) thereby secured by the said Deed of Trust, and the current holder of said Deed of Trust, Regions Bank, (the "Holder"), appointed the undersigned, Brock & Scott, PLLC, as Substitute Trustee, with all the rights, powers and privileges of the original Trustee named in said Deed of Trust; and
NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable as provided in said Deed of Trust by the Holder, and that as agent for the undersigned, Brock & Scott, PLLC, Substitute Trustee, by virtue of the power and authority vested in it, will on March 6, 2018, at 12:00PM at the usual and customary location at the Gibson County Courthouse, Trenton, Tennessee, proceed to sell at public outcry to the highest and best bidder for cash, the following described property situated in Gibson County, Tennessee, to wit:

THE FOLLOWING DESCRIBED REAL ESTATE LYING AND BEING SITUATED IN THE 21ST AND 7TH CIVIL DISTRICTS OF GIBSON COUNTY, TENNESSEE, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:
SITUATE AND BEING IN THE 3RD WARD, TOWN OF DYER, 21ST CIVIL DISTRICT OF GIBSON COUNTY, TENNESSEE, AND BEGINNING AT A STAKE IN THE NORTH SIDE OF ASHLEY STREET EXTENDED AND IN THE WEST MARGIN OF ELM STREET AND 240 FEET SOUTH OF H.E. SMITH'S SOUTHEAST CORNER AND RUNS IN A WESTERLY DIRECTION WITH ASHLEY STREET EXTENDED 210 FEET TO A STAKE IN C.O. EWELL'S EAST LINE; THENCE IN A NORTHERLY DIRECTION WITH C.O. EWELL'S EAST LINE; 70 FEET TO A STAKE IN CRAVER'S NEW SOUTH-

WEST CORNER, A POINT IN C.O. EWELL'S EAST LINE; THENCE IN AN EASTERLY DIRECTION LINE PARALLEL WITH THE FIRST LINE OF SAID LOT, 210 FEET TO A STAKE IN THE WEST MARGIN OF ELM STREET AND CRAVER'S NEW CORNER, AND 170 FEET IN A SOUTHERLY DIRECTION FROM H.E. SMITH'S SOUTHEAST CORNER; THENCE IN A SOUTHERLY DIRECTION WITH WEST MARGIN OF ELM STREET, 70 FEET TO THE POINT OF BEGINNING, AND CONTAINING ABOUT 1/3 ACRE, MORE OR LESS. DESCRIPTION TAKEN FROM PRIOR DEED.

THIS BEING 70 FEET OFF THE SOUTH SIDE OF THE LOT BOUGHT BY MRS. H.L. FORRESTER.

SOURCE OF TITLE: WARRANTY DEED TO JACKIE R. SKELTON AND WIFE, GINA C. SKELTON AT VOL 449, PAGE 804, IN THE REGISTER'S OFFICE OF GIBSON COUNTY, TENNESSEE. MAP: 051E; GRP: A; CTRL MAP: 051F; PARCEL: 009.00
SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS, COVENANTS, OIL, GAS OR MINERAL RIGHTS OF RECORD, IF ANY.

BEING THE SAME PREMISES CONVEYED TO JACKIE R. SKELTON FROM GINA C. SKELTON NOW GINA HUGHES BY QUIT CLAIM DEED DATED 12/01/2004, AND RECORDED ON 01/04/2005, AT BOOK 835, PAGE 544, IN GIBSON COUNTY, TN.
Parcel ID Number: 061P A 0618 009.00
Address/Description: 174 Elm Street, Dyer, TN 38330.
Current Owner(s): The Estate of Jackie Skelton
Other Interested Party(ies): Regions Bank.

The sale of the property described above shall be subject to all matters shown on any recorded plat; any and all liens against said property for unpaid property taxes; any restrictive covenants, easements or set-back lines that may be applicable; any prior liens or encumbrances as well as any priority created by a fixture filing; a deed of trust; and any matter that an accurate survey of the premises might disclose; and
All right and equity of redemption, statutory or otherwise, homestead, and dower are expressly waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above.

This office is attempting to collect a debt. Any information obtained will be used for that purpose.
Brock & Scott, PLLC, Substitute Trustee
c/o Tennessee Foreclosure Department
4360 Chamblee Dunwoody Road, Ste 310
Atlanta, GA 30341
PH: 404-789-2661 FX: 404-294-0919
File No.: 17-19721 FCO1

39.3c
PRODUCTION AND SHIP
Some Heavy Lifting
Trenton Area
Pay \$13.00/HR
Call Now
Express
EMPLOYMENT PROFESSIONALS
107 22nd Ave
Humboldt
Call 731-784-6500

MACHINE OPERATORS
Manufacturing Exp.
Needed
1st & 2nd shifts
Covington area
Immediate Openings
Express
EMPLOYMENT PROFESSIONALS
Call Now! 107 22nd Ave
Humboldt
Call 731-784-6500

PRODUCTION
LIGHT PRODUCTION
2nd & 3rd shifts
Immediate Openings
Apply Now
Express
EMPLOYMENT PROFESSIONALS
107 22nd Ave
Humboldt
Call 731-784-6500

MEDICAL RECEPTIONIST POSITION
Front office medical receptionist position with some billing and authorization demands.
Immediately available in one-therapist outpatient therapy office in Jackson.
Administrative experience preferred, but will train quality applicant.
Applicants may fax resume to 731-661-9533 or email to admin@southernhand.com

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1801 et seq., and the Rules of the Health Services and Development Agency, that Christian Care Center of Medina, LLC, a Tennessee Limited Liability Company which will have a management consulting agreement with Care Centers Management Consulting, Inc., intends to file an application for a Certificate of Need for the relocation of Christian Care Center of Medina, a/k/a Milan Health Care Center and the construction of a replacement facility. The facility is currently located at 8060 Stinson Road, Milan, Gibson County, Tennessee. The location for the proposed replacement facility is an undeveloped site on State Highway 45E and Sonic Drive in or near the city limits of Medina, Gibson County, Tennessee. The facility is currently licensed for 68 skilled nursing beds by the Tennessee Board for Licensing Health Care Facilities, and the beds and facility will retain this licensure status. No new services are being initiated, and no additional beds are sought. The total estimated project cost is \$10,200,000.00.

The anticipated date of filing the application is February 6, 2018.

The contact person for this project is Jerry W. Taylor, Attorney, who may be reached at: Burr & Forman, LLP, 222 Second Avenue South, Suite 2000, Nashville, TN 37201.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1609(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PUBLICATION AFFIDAVIT

STATE OF TENNESSEE)
COUNTY OF GIBSON)

Notification of Intent to Apply

Personally appeared before me, a Notary Public in and for said County and State Melissa West

Who deposes and swears that she is bookkeeper of the Milan Mirror, a newspaper published in the Town of Milan, Tenn., and that the notice, a copy of which is attached hereto, was published in the said Milan

Mirror for 1 consecutive weeks, the first publication being on the 6 day of

Feb. 20 18; the second publication the _____ day of

_____ 20 _____; the third publication the _____ day of

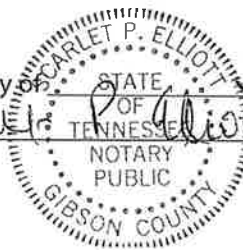
_____ 20 _____, and the fourth publication the _____ day of

_____ 20 _____.

Signed Melissa West

Sworn to and subscribed before me this 6 day of Feb 20 18.

Scarlet P. Elliott, Notary Public



LIST OF ATTACHMENTS

Table of Contents of the QAPI	<u>Attachment Section A, B (3)</u>
Organizational documentation	<u>Attachment Section A-4, A</u>
Ownership chart	<u>Attachment Section A-4, B</u>
Draft management consulting agreement	<u>Attachment Section A-5</u>
Real Estate Purchase Agreement and Lease	<u>Attachment Section A-6, A</u>
Plot plan	<u>Attachment A-6 B, 1</u>
Floor plan	<u>Attachment A-6 B, 2</u>
Occupancy data Gibson County SNFs	<u>Attachment Section B, Need, 1, (1)</u>
Population and Demographics Table	<u>Attachment Section B, Need, 4 A</u>
Architect Letter	<u>Attachment Section B, Economic Feasibility, 1</u>
Funding Letters	<u>Attachment Section B, Economic Feasibility, 2</u>
Providers, vendors, and contractors	<u>Attachment Section B, Orderly Development, 1</u>
License Approval	<u>Attachment Section B, Orderly Development 4, A</u>
Plan of Correction Approval Letter	<u>Attachment B, Orderly Development, 4, B</u>



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Filing Information

Name: **Christian Care Center of Medina, LLC**

General Information

SOS Control #	000911926	Formation Locale: TENNESSEE
Filing Type:	Limited Liability Company - Domestic	Date Formed: 07/06/2017
	07/06/2017 1:38 PM	Fiscal Year Close 12
Status:	Active	Member Count: 1
Duration Term:	Perpetual	
Managed By:	Member Managed	

Registered Agent Address

Christian Care Center of Medina, LLC
RISK MANAGEMENT
STE 2D
2020 NORTHPARK DR
JOHNSON CITY, TN 37604-3127

Principal Address

RISK MANAGEMENT
STE 2D
2020 NORTHPARK DR
JOHNSON CITY, TN 37604-3127

The following document(s) was/were filed in this office on the date(s) indicated below:

<u>Date Filed</u>	<u>Filing Description</u>	<u>Image #</u>
01/17/2018	Articles of Amendment	B0478-1323
Filing Name Changed From: CHRISTIAN CARE CENTER OF MILAN, LLC To: Christian Care Center of Medina, LLC		
Registered Agent Organization Name Changed From: CHRISTIAN CARE CENTER OF MILAN, LLC To: CHRISTIAN CARE CENTER OF MEDINA, LLC		
07/06/2017	Initial Filing	B0416-1023

<u>Active Assumed Names (if any)</u>	<u>Date</u>	<u>Expires</u>



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

CHRISTIAN CARE CENTER OF MILAN, LLC
RISK MANAGEMENT
STE 2D
2020 NORTHPARK DR
JOHNSON CITY, TN 37604-3127

July 6, 2017

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	000911926	Formation Locale: TENNESSEE
Filing Type:	Limited Liability Company - Domestic	Date Formed: 07/06/2017
Filing Date:	07/06/2017 1:38 PM	Fiscal Year Close: 12
Status:	Active	Annual Report Due: 04/01/2018
Duration Term:	Perpetual	Image # : B0416-1023
Managed By:	Member Managed	
Business County:	WASHINGTON COUNTY	

Document Receipt

Receipt # : 003466243	Filing Fee:	\$300.00
Payment-Credit Card - State Payment Center - CC #: 3706239020		\$300.00

Registered Agent Address:
CHRISTIAN CARE CENTER OF MILAN, LLC
RISK MANAGEMENT
STE 2D
2020 NORTHPARK DR
JOHNSON CITY, TN 37604-3127

Principal Address:
RISK MANAGEMENT
STE 2D
2020 NORTHPARK DR
JOHNSON CITY, TN 37604-3127

Congratulations on the successful filing of your **Articles of Organization** for **CHRISTIAN CARE CENTER OF MILAN, LLC** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Please visit the Tennessee Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State



000911926

ARTICLES OF ORGANIZATION LIMITED LIABILITY COMPANY

SS-4270



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50.00 per member
(minimum fee = \$300.00, maximum fee = \$3,000.00)

For Office Use Only

-FILED-

Control # 000911926

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.

1. The name of the Limited Liability Company is: CHRISTIAN CARE CENTER OF MILAN, LLC

(Note: Pursuant to the provisions of T.C.A. §48-249-106, each Limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")

2. Name Consent: (Written Consent for Use of Indistinguishable Name)

☐ This entity name already exists in Tennessee and has received name consent from the existing entity.

3. This company has the additional designation of: None

4. The name and complete address of the Limited Liability Company's initial registered agent and office located in the state of Tennessee is:

CHRISTIAN CARE CENTER OF MILAN, LLC
RISK MANAGEMENT
STE 2D
2020 NORTHPARK DR
JOHNSON CITY, TN 37604-3127
WASHINGTON COUNTY

5. Fiscal Year Close Month: December

6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:

(none) (Not to exceed 90 days)

7. The Limited Liability Company will be:

☒ Member Managed

☐ Manager Managed

☐ Director Managed

8. Number of Members at the date of filing: 1

9. Period of Duration: Perpetual

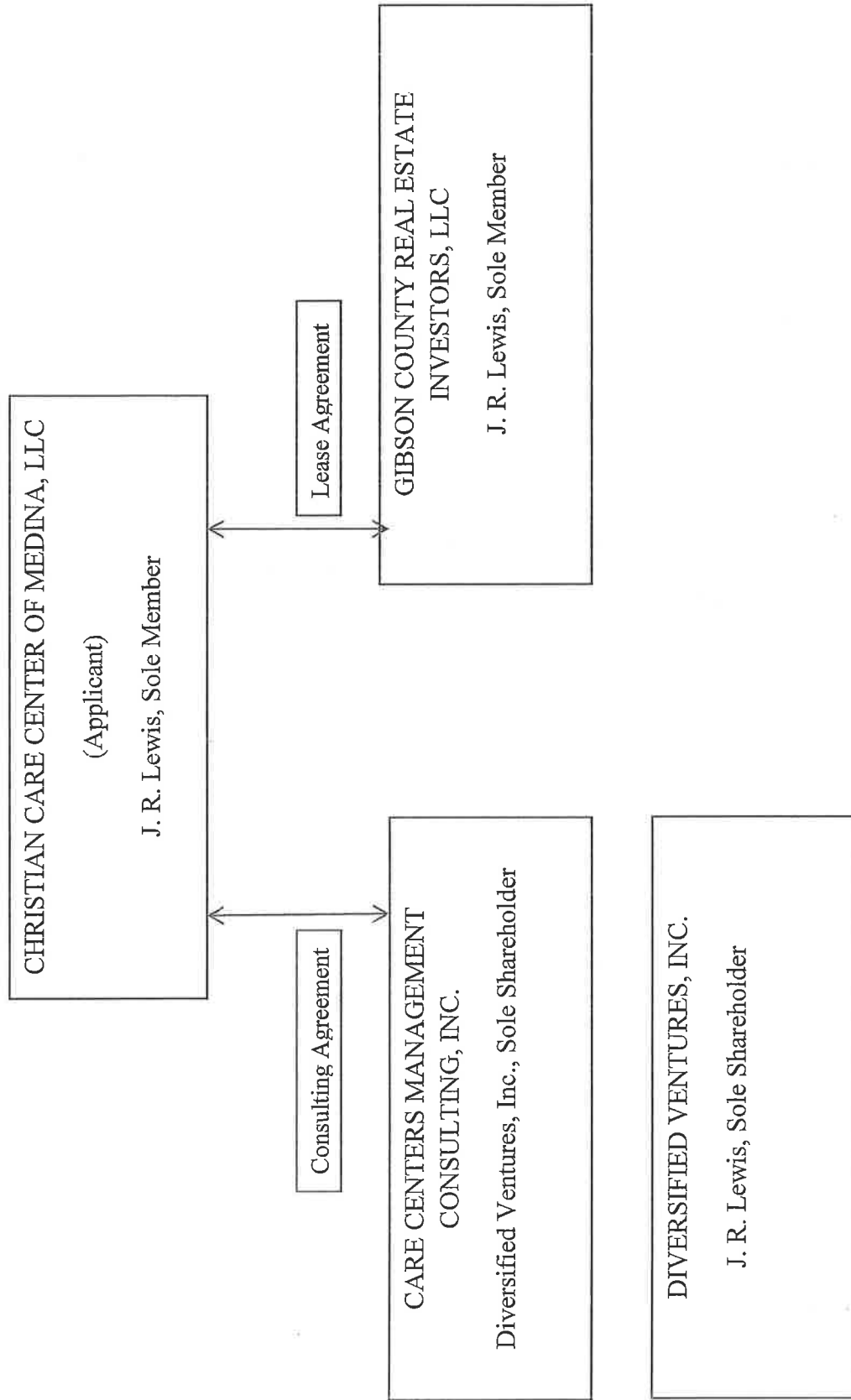
10. The complete address of the Limited Liability Company's principal executive office is:

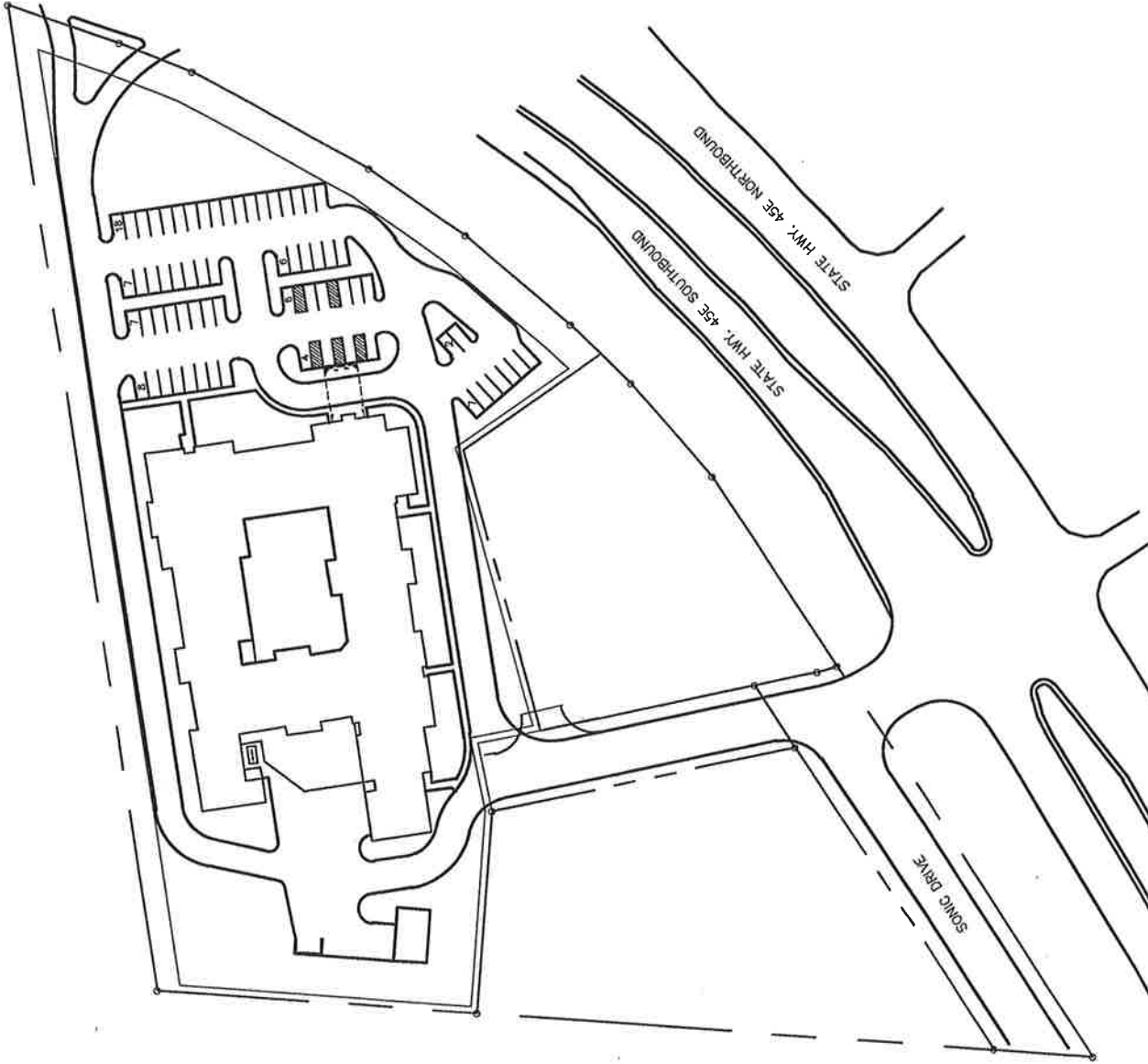
RISK MANAGEMENT
STE 2D
2020 NORTHPARK DR
JOHNSON CITY, TN 37604-3127
WASHINGTON COUNTY

B0416-1023 07/06/2017 1:38 PM Received by Tennessee Secretary of State Tre Hargett

CHRISTIAN CARE CENTER OF MEDINA

OWNERSHIP CHART



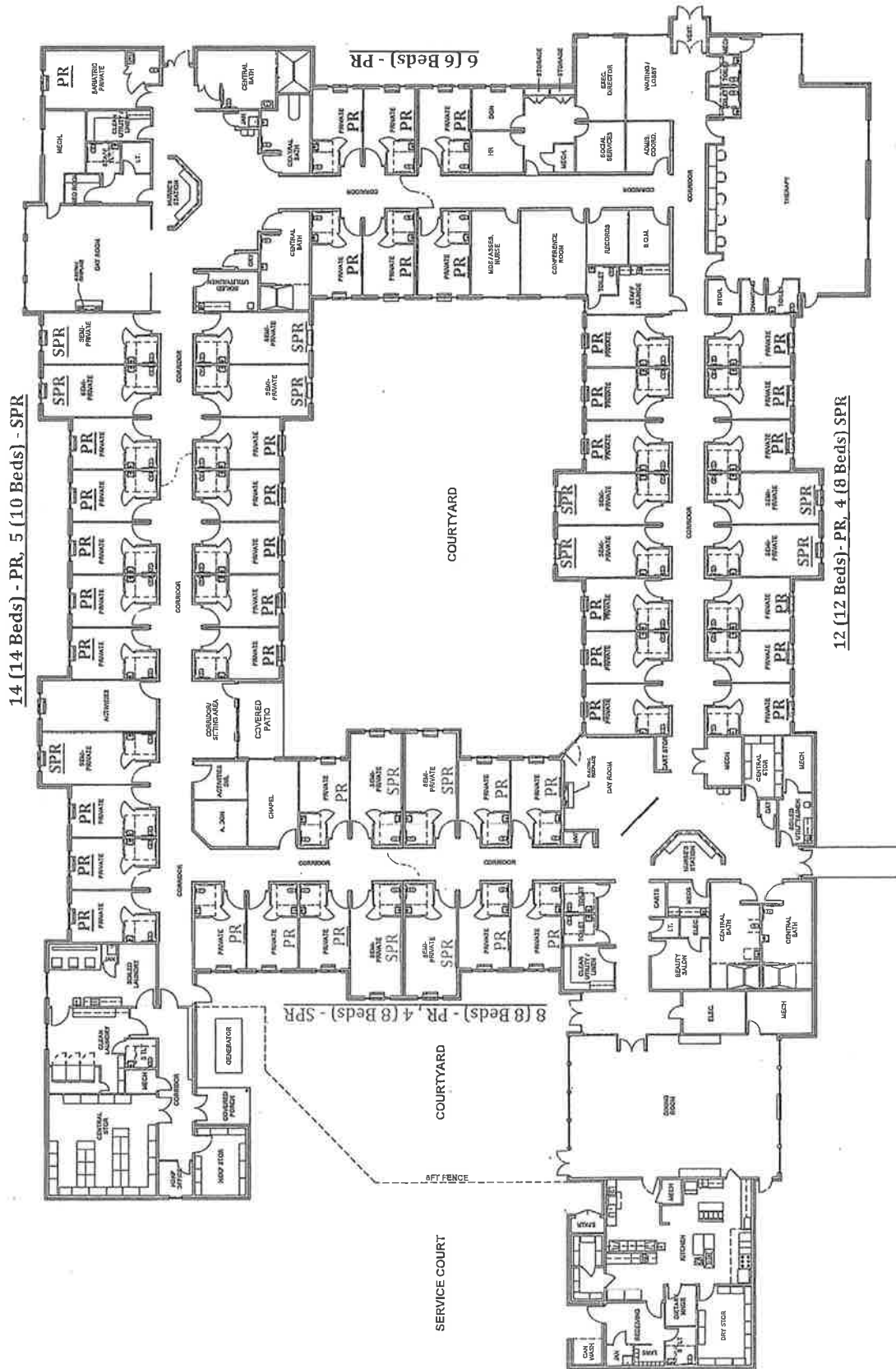


CHRISTIAN CARE CENTER OF MEDINA

PROPOSED SITE PLAN

MAIN BUILDING: 39,950
MAINTENANCE BUILDING: 1,250
TOTAL BUILDING AREA: 41,200

TOTAL LAND AREA:
6.09 acres



MAIN BUILDING: 39,861
 MAINTENANCE BUILDING: 1,250
 TOTAL BUILDING AREA: 41,111

CHRISTIAN CARE CENTER OF MEDINA

PROPOSED FLOOR PLAN

- 66 = Total Licensed Beds
- 40 = Private Rooms
- 13 = Semiprivate Rooms or 26 Beds



December 7, 2017

RE: Christian Care Center of Medina

TO WHOM IT MAY CONCERN:

We verify that the Estimated Construction Cost of \$7,194,425.00 is reasonable for this facility.

This proposed facility will be designed and constructed to comply with the Building Codes adopted by Tennessee State Health Department (Department of Tennessee Health Care Facilities) listed below:

- 2012 International Building Code
- 2012 International Fire Code
- 2012 International Mechanical Code
- 2012 International Plumbing Code
- 2012 International Fuel Gas Code
- 2012 NFPA 101 Life Safety Code
- 2011 NFPA 70 National Electric Code
- 2010 ADA Standards for Accessible Design
- 2010 Guidelines for Design and Construction of Health Care Facilities

Respectfully,

Ken Ross

KR/pr



January 4, 2018

Gibson County Real Estate Investors, LLC
2020 Northpark, Suite 2D
Johnson City, TN 37604

Dear Mr. Lewis,

We have had favorable preliminary discussions with Gibson County Real Estate Investors, LLC regarding the planned construction of a 66 bed, skilled nursing facility in Medina, TN. Based on those discussions a proposed loan amount of \$10,172,314 is being considered, with an interest rate of 5.50%. The proposed loan terms will consist of interest only during the construction period of 18 months, then converting to monthly principal and interest payments based on a 20 year amortization. These proposed terms are subject to the issuance of a Replacement Facility Certificate of Need and the standard restrictions and conditions of a Commitment Letter.

Sincerely,

A handwritten signature in cursive script that reads "Scarlett M. Dale".

Scarlett M. Dale, SVP
Carter County Bank A
Division of Bank of Tennessee



January 4, 2018

Christian Care Center of Medina, LLC
2020 Northpark, Suite 2D
Johnson City, TN 37604

Dear Mr. Lewis,

We have had favorable preliminary discussions with Christian Care Center of Medina, LLC regarding a one (1) year renewable Operating Line of Credit for the operation of a 66-bed Skilled Nursing Facility in Medina, TN. Based on those discussions a proposed loan amount of \$1,000,000 is being considered, with an interest rate of Wall Street Journal Prime, subject to the issuance of a Replacement Facility Certificate of Need and the standard restrictions and conditions of a Commitment Letter.

Sincerely,

A handwritten signature in cursive script that reads "Scarlett M. Dale".

Scarlett M. Dale, SVP
Carter County Bank A
Division of Bank of Tennessee

Intended or potential vendor contracts –

Milan General Hospital (Resident Transfer)
4039 Highland Street
Milan, TN 38358

Jackson Madison County General Hospital (Resident Transfer)
620 Skyline Drive
Jackson, TN 38301

West Tennessee Healthcare (Resident Transfer)
620 Skyline Drive
Jackson, TN 38301

Tennova Healthcare Regional Jackson (Resident Transfer)
367 Hospital Boulevard
Jackson, TN 38305

CHS Regional Hospital of Jackson (Resident Transfer)
37 Sandstone Drive
Jackson, TN 38305

Medical Center Laboratory (Laboratory Services)
620 Skyline Drive
Jackson, TN 38301

Atrium Pharmacy (Pharmaceutical Services)
260 West Main Street, #103
Hendersonville, TN 37075

LabCorp (Laboratory Services)
159 North Star Drive
Jackson, TN 38305

Emergency Mobile Health Care (Emergency Transport)

2692 North Highland Avenue
Jackson, TN 38305

Medical Center EMS (Emergency Transport)
620 Skyline Drive
Jackson, TN 38301

Quality Mobile XRay (Mobile Radiology)
640 Grassmere Park, #116
Nashville, TN 37211

Functional Pathways of Tennessee (Therapy Services)
10122 Sherrill Boulevard, #200
Knoxville, TN 37932

Wellness Solutions (Mental Health)
73 White Bridge Road, #103-243
Nashville, TN 37205

Claxton Dietetic Solutions (Registered Dietician Services)
7768 Devonshire Drive
Knoxville, TN 37919

Encore Healthcare (Respiratory Services Specialist)
104b West Court Square
Livingston, TN 38570

Vohra Post Acute Physicians (Wound Care Specialists)
3601 SW 160th Avenue, \$250
Miramar, FL 33027

Reinhart Food Service (Food Service Provider)
100 Harborview Plaza
La Crosse, WI 54601

InPatient Consultants of Tennessee (Medical Director Services)

PO Box 844929
Los Angeles, CA 90084

360 Care (Specialty Medical Care – Optometry, Dental, Audiology, etc.)
3255 Levis Common Boulevard
Perrysburg, OH 43551

GIBSON COUNTY NURSING HOME UTILIZATION 2016

Facility	Total Licensed Beds	Total Days of Care	Licensed Occupancy	SNF Beds - Medicare	SNF/INF Beds - Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non-Certified	NF - ADC Level I Only	SNF Medicare/Level II ADC	NF - ADC (Total)	TennCare Level I Days of Care	Total Level I Days of Care	Medicare of Care	Total Level II Days of Care
Bailey Park Community Living Center	50	13,505	74.0%	0	50	0	0	20	12	24	7,170	8,963	4,242	4,542
Douglas Nursing Home	72	19,683	74.9%	0	72	0	0	4	3	48	1,432	17,739	1,266	1,944
Dyer Nursing and Rehabilitation Center	120	35,828	81.8%	0	120	0	0	1	11	87	238	31,789	4,039	4,039
Humboldt Healthcare and Rehab Center	89	17,701	54.5%	0	89	0	0	30	14	34	10,991	12,484	5,217	5,217
Humboldt Nursing and Rehabilitation Center	120	22,767	52.0%	0	120	0	0	2	7	55	751	20,145	2,622	2,622
NHC HealthCare, Milan	117	35,010	82.0%	0	65	52	0	32	25	49	11,810	18,038	9,276	16,972
Trenton Center	62	15,401	68.1%	0	62	0	0	0	8	33	0	12,089	2,971	3,312
W.D. Bill Manning Tennessee State Veterans'	140	48,283	94.5%	0	140	0	0	0	13	82	0	30,083	4,833	18,200
_ COUNTY TOTAL	770	208,178	74.1%	0	718	52	0	89	94	413	32,392	151,330	34,466	56,848

GIBSON COUNTY NURSING HOME UTILIZATION 2015

Facility	Total Licensed Beds	Total Days of Care	Licensed Occupancy	SNF Beds - Medicare	SNF/INF Beds - Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non-Certified	NF - ADC Level I Only	SNF Medicare/Level II ADC	NF - ADC (Total)	TennCare Level I Days of Care	Total Level I Days of Care	Medicare of Care	Total Level II Days of Care
Bailey Park Community Living Center	50	16,763	91.9%	0	50	0	0	0	15	30	0	10,779	5,597	5,984
Douglas Nursing Home	72	22,084	84.0%	0	72	0	0	2	6	50	568	18,373	2,265	3,711
Dyer Nursing and Rehabilitation Center	120	34,843	79.6%	0	120	0	0	1	10	85	387	31,142	3,701	3,701
Humboldt Healthcare and Rehab Center	89	18,247	56.2%	0	89	0	0	3	13	37	1,231	13,532	4,651	4,715
Humboldt Nursing and Rehabilitation Center	120	29,043	66.3%	0	120	0	0	2	11	69	860	25,137	3,906	3,906
Milan Health Care Center	66	19,126	79.4%	0	66	0	0	0	2	49	101	17,859	886	1,267
NHC HealthCare, Milan	114	38,591	92.7%	0	62	52	0	54	27	71	19,694	25,755	10,020	12,836
Tennessee State Veterans' Home	140	47,270	92.5%	0	140	0	0	0	17	83	0	30,435	6,043	16,835
Trenton Center	62	3,573	15.8%	0	62	0	0	30	5	32	2,796	2,904	490	669
_ COUNTY TOTAL	833	229,540	75.5%	0	781	52	0	93	107	506	25,637	175,916	37,559	53,624

GIBSON COUNTY NURSING HOME UTILIZATION 2014

Facility	Total Licensed Beds	Total Days of Care	Licensed Occupancy	SNF Beds - Medicare	SNF/INF Beds - Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non-Certified	NF - ADC Level I Only	SNF Medicare/Level II ADC	NF - ADC (Total)	TennCare Level I Days of Care	Total Level I Days of Care	Medicare of Care	Total Level II Days of Care
Bailey Park Community Living Center	50	16,702	91.5%	0	50	0	0	26	13	31	9,478	11,431	4,831	5,271
Douglas Nursing Home	72	23,283	88.6%	0	72	0	0	0	6	54	107	19,839	2,031	3,444
Dyer Nursing and Rehabilitation Center	120	35,957	82.1%	0	120	0	0	1	10	88	246	32,198	3,759	3,759
Humboldt Healthcare and Rehab Center	89	20,145	62.0%	0	89	0	0	0	9	46	0	16,956	3,189	3,189
Humboldt Nursing and Rehabilitation Center	120	31,558	72.1%	0	120	0	0	61	8	75	22,399	27,465	2,858	4,093
Milan Health Care Center	66	20,065	83.3%	0	66	0	0	0	2	51	0	18,649	906	1,416
NHC HealthCare, Milan	122	34,388	77.2%	0	70	52	0	51	25	289	18,788	105,424	8,988	12,953
Tennessee State Veterans' Home	140	48,727	95.4%	0	140	0	0	0	20	0	0	0	7,309	48,727
Trenton Center	62	14,907	65.9%	0	62	0	0	0	7	33	0	12,015	2,425	2,892
_ COUNTY TOTAL	841	245,732	80.1%	0	789	52	0	140	99	668	51,018	243,977	36,296	85,744

SERVICE AREA POPULATION AND DEMOGRAPHICS -- 4 YEAR HORIZON (2022) TARGET POPULATION 65+

Demographic Variable/ Geographic Area	Department of Health/Health Statistics									Bureau of the Census				TennCare	
	Total Population-Current Year (2018)	Total Population-Projected Year (2022)	Total Population-% Change	*Target Population (65+)- Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected	Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level*	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total	
Gibson County	51,934	52,612	1.31%	9,794	10,673	8.97%	20%	40.3	\$38,854	9,712	18.7%	12,932	24.9%		
Primary Service Area	51,934	52,612	1.31%	9,794	10,673	8.97%	20%	40.3	\$38,854	9,712	18.7%	12,932	24.9%		
Total	6,960,524	7,263,893	4.36%	1,175,938	1,362,320	15.85%	19%	38.5	\$46,574	1,197,210	17.2%	1,461,921	21.0%		

*The Census Bureau website does not provide the number of persons below poverty level. The totals in this column are calculated by percentage of individuals below poverty level in 2016 divided by total population in 2018.

Sources: <http://www.tn.gov/health/article/statistics-population>; <http://www.tn.gov/tenncare/topic/enrollment-data>; <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

SERVICE AREA POPULATION AND DEMOGRAPHICS -- 2 YEAR HORIZON (2020) TARGET POPULATION 65+

Demographic Variable/ Geographic Area	Department of Health/Health Statistics						Bureau of the Census				TennCare		
	Total Population-Current Year (2018)	Total Population-Projected Year (2020)	Total Population-% Change	*Target Population (65+)- Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level*	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Gibson County	51,934	52,438	0.97%	9,794	10,255	4.71%	20%	40.3	\$38,854	9,712	18.7%	12,932	24.9%
Primary Service Area Total	51,934	52,438	0.97%	9,794	10,255	4.71%	20%	40.3	\$38,854	9,712	18.7%	12,932	24.9%
State of TN Total	6,960,524	7,112,424	2.18%	1,175,938	1,267,962	7.83%	18%	38.5	\$46,574	1,197,210	17.2%	1,461,921	21.0%

*The Census Bureau website does not provide the number of persons below poverty level. The totals in this column are calculated by percentage of individuals below poverty level in 2016 divided by total population in 2018.

Sources: <http://www.tn.gov/health/article/statistics-population>; <http://www.tn.gov/tenncare/topic/enrollment-data>; <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>



January 24, 2018

CHRISTIAN CARE CENTER OF MILAN, LLC
2020 NORTHPARK
SUITE 2D
JOHNSON CITY, TN 37604

Facility Type: Nursing Home
License Number: 308

Dear Administrator:

Your letter of January 23, 2018 regarding the legal entity change from Christian Care Center of Milan, LLC to Christian Care Center of Medina, LLC effective January 3, 2018 is acknowledged.

A license will be forwarded to your facility within the next seven to ten days.

If I can be of further assistance to you please call me at (615) 741-7539.

Sincerely,

Linda McLear, ASAIII
Office of Health Care Facilities
Licensure Section

cc: file



December 13, 2017

CHRISTIAN CARE CENTER OF MILAN, LLC
2020 NORTH PARK
SUITE 2D
JOHNSON CITY, TN 37604

Facility Type: Nursing Home
License Number: 308

Dear Administrator:

It is my pleasure to inform you that your application for change of ownership of Christian Care Center of Milan located at 8060 Stinson Road, Milan, Tennessee 38358 has been initially approved effective July 21, 2017. The license number shall be 308. For this initial approval to become final and permanent, your application must be ratified by the Board pursuant to T.C.A. §68-11-206. The Board will consider your application at its next meeting, scheduled for February 7-8, 2018. You are hereby authorized to commence operation pending the final decision of the Board. No further action is necessary on your part at this time.

If the Board **does** ratify the approval of your application, the license number listed above will become your permanent license number and a letter will be forwarded to you within three (3) business days; notifying you of the Board's final decision.

If the Board **does not** ratify the initial approval of your application, a letter will be forwarded to you providing an explanation and specific instructions as to any action(s) you may take to have the decision reviewed, at which time this authorization shall cease to be effective.

Please contact me if I can be of further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Linda McLearn", written over a horizontal line.

Linda McLearn, ASAIII
Office of Health Care Facilities
Licensure Section

cc: West Tennessee Regional Administrator



CARE CENTERS MANAGEMENT CONSULTING, INC.

2020 Northpark, Suite 2D • Johnson City, TN 37604-3127 • Ph. 423-975-5455 • Fax. 423-975-5405

December 8, 2017

Ms. P. Diane Carter, RN, LNCC
Public Health Regional Regulatory Program Manager
Health Care Facilities
West Tennessee Regional Office
2975 Highway 45 Bypass, Suite C
Jackson, TN 38305

Dear Ms. Carter,

Enclosed is the complete plan of correction (which includes ALL cited licensure tags) for the recertification survey, which included a complaint investigation, for Milan Health Care Center dated between September 26th - November 4th, 2016.

Milan Health Care Center is currently closed and has no residents, staff, and the cited building is not being occupied. The facility was sold to a new operator. The new facility operator will never reopen the facility in its current building or location. Plans are being developed for the new owner/operator to construct a nice brand-new replacement facility at a different location within the same county.

As Milan Health Care Center closed, and their management company, Cornerstone are no longer operating the facility, this plan of correction is being drafted by the new operator, Christian Care Center of Milan, LLC for the prior operator and management company of Milan Health Care Center and is intended to draft a plan of correction that would have been conducted to correct the issues cited to the prior operator, Milan Health Care.

If you have any questions or need additional information, please feel free to contact me at the numbers listed above.

Sincerely,

George Sandy Deakins, MPH, NHA
Vice President of Client Operations Consulting Services
Care Centers Management Consulting, Inc.
sandydeakins@carecenters.net

Enclosure

sed

"Commitment to Caring"

Isaiah 46:1 *Even when you're old, I'll take care of you. Even when your hair turns gray, I'll support you.
I made you and will continue to care for you. I'll support you and save you.*

**Attachment B, Orderly
Development, 4, B**



December 12, 2017

Mr. George Sandy Deakins, MPH, NHA
Vice President of Client Operations Consulting Services
Care Centers Management Consulting, Inc.
2020 Northpark, Suite 2D
Johnson City TN 37604-3127

RE: Compliance Notice - Licensure Survey
Milan Health Care Center
8060 Stinson Road
Milan TN 38358

Dear Mr. Deakins:

The West Tennessee Regional Office of Health Care Facilities completed a licensure survey at Milan Health Care Center on November 04, 2016. Based on a review of the plan of correction for deficiencies cited on the survey, we are accepting your plan of correction and assume your facility is in compliance with all participation requirements as of 11/16/2017.

We are returning the certification portion of the plan of correction for both health and life safety as we are unable to review the certification corrections for a non-certified facility.

If you have any questions or comments, please contact the West Tennessee Regional Office.

Sincerely,

A handwritten signature in cursive script that reads 'P. Diane Carter'.

P. Diane Carter, RN, LNCC
Public Health Regional Regulatory Program Manager

PDC/rm

Handwritten initials 'Rm' in cursive script.

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN2706	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED R 12/12/2017
NAME OF PROVIDER OR SUPPLIER MILAN HEALTH CARE CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 8060 STINSON ROAD MILAN, TN 38358		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
{N 000}	Initial Comments Based on an acceptable plan of correction, the facility is in compliance with all licensure deficiencies cited during the survey completed 11/4/16 for a Licensure survey and complaint investigations #TN00039437, #TN00038530, and #TN00039099 conducted 9/26/16 through 11/4/16,	{N 000}		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Washington

Anita West, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Anita West Secretary, CFO
SIGNATURE/TITLE

Sworn to and subscribed before me the 7th day of February, 2018 a Notary Public for
Washington County, Tennessee.

Denise D. Eith
NOTARY PUBLIC

My commission expires October 29, 2019



SUPPLEMENTAL #1 (COPY)

**Christian Care Center of
Medina**

CN1802-006

February 26, 2018

2:00 P.M.

SUPPLEMENTAL REPONSES**CERTIFICATE OF NEED APPLICATION****FOR****CHRISTIAN CARE CENTER OF MEDINA****The Relocation and Replacement of a 66 Bed
Skilled Nursing Facility****Gibson County, Tennessee****Project Number CN1802-006****February 26, 2018****Contact Person:****Jerry W. Taylor, Esq.
Burr & Forman, LLP
222 2nd Avenue South, Suite 2000
Nashville, Tennessee 37201
615-724-3247**

1. Section A, Executive Summary, Overview, A.1. Overview, Page 2

Please describe the experience the applicant has in operating a skilled nursing home.

The applicant is a newly formed entity and has no direct experience in operating a SNF. However its sole member is J. R. "Randy" Lewis who has over 35 years of experience in owning and operating nursing homes through affiliated companies.

CCC of Medina will have a management consulting agreement with Care Centers Management Consulting, Inc. The sole shareholder of Care Centers Management Consulting, Inc. is Diversified Ventures, Inc. The sole shareholder of Diversified Ventures, Inc. is J. R. "Randy" Lewis.

Care Centers Management Consulting, Inc. and its affiliates are experienced operators of long term care facilities, operating seven skilled nursing facilities in Tennessee, and one in Kentucky. Care Centers' affiliated SNFs average 2.2 annual survey deficiencies.

A company biography of Care Centers Management Consulting is attached following the response to Question 4, below.

It is noted Christian Care Center of Medina was acquired by Christian Care Center of Milan, LLC on July 21, 2017 with operations voluntarily suspended and the licensed placed in inactive status. Please indicate the number of patients that were residing in Christian Care Center of Medina on July 21, 2017 and where the patients transitioned to?

Milan Health Care Center was acquired by Christian Care Center of Milan, LLC on July 21, 2017. The name of Christian Care Center of Milan, LLC was subsequently changed to Christian Care Center of Medina, LLC.

At the time CCC of Medina acquired Milan Health Care Center, operations had been suspended and there were no patients in the facility. The former owner coordinated with the Department of Health in transitioning the patients. The applicant does not know the destinations of the transitioned patients.

Please provide a copy of the letter from the Department of Health thereby placing the license of Christian Care Center of Medina and/or Milan HCC into inactive status.

A copy of the letter approving Inactive Status to Christian Care Center of Medina, f/k/a Milan Health Care Center, License No. 308, is attached following this response. Also attached is a copy of License No. 308, which is now in the name of Christian Care Center of Medina.

Board for Licensing Health Care Facilities



State of Tennessee

License No. 0000000308

No. Beds 0066

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

CHRISTIAN CARE CENTER OF MEDINA, LLC to conduct

and maintain a Nursing Home CHRISTIAN CARE CENTER OF MEDINA

Located at 8060 STINSON STREET, MILAN

County of GIBSON, Tennessee.

This license shall expire JULY 16, 2018 *and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

In Witness Whereof, we have hereunto set our hand and seal of the State

this 13TH day of DECEMBER, 2017.



By James J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By John J. Davis, MD
COMMISSIONER

Supplemental #1

February 26, 2018

2:00 P.M.

Please provide a description of the amenities provided by the proposed facility that promotes resident independence, organized activities, resident privacy, and a residential home-like environment, while at the same time maximizing safety. Also, please provide a brief description of the physical plant and the type of rehabilitation services available.

The proposed amenities listed below are designed to allow residents freedom of movement, outdoor enjoyment, independence, personal space and privacy, and spiritual wellbeing. Christian Care Center of Medina will feature spacious rooms with a home-like environment, accompanied by state of the art healthcare services to include occupational, speech and physical therapy services, respiratory program, specialized pharmacy services, nutritional, mental wellness, & wound care services. Christian Care Center of Medina contracts with many specialty services, bringing as many of those on site as possible, enhancing the convenience of those services for the residents. Such services may include dental, optometry, podiatry and mobile radiology services. Proposed amenities include:

2 Court Yards

Putting Green

2 Dayrooms with game tables, supervised crafting

Covered Patio

Courtyard Gazebo

40 Private Rooms/Bed Accommodations

13 Semiprivate Rooms/Beds Accommodations

Bariatric Patient Accommodations

State of the Art Therapy Room, Equipment & Services

Chapel with Services to Residents

Fireplaces in common areas

Spacious accommodations – increasing size of the facility from the current 17,268 sq. ft. to the new building size of 38,929 sq. ft.

Increased room sizes – current private rooms from 110 sq. ft. to the proposed 234 sq. ft.; semiprivate rooms from 187 sq. ft. to the proposed 324 sq. ft.

Designer decorated to create home-like atmosphere; encourage personal décor (that complies with safety standards) to enhance home-like atmosphere

Situated on 6+ acres allowing for outdoor activities on site

Courtyard Gardening – for those outdoors gardening lovers

Designated Areas for resident/ family privacy

Technology friendly facility – offering facility wide internet; televisions in all resident rooms, dayrooms with a vast selection of channel sources

Beauty/ Barber Shop services

Using Medicare Nursing Home Compare, please complete the following chart for nursing homes located in Gibson County. The data can be found at the following web-site:

<https://www.medicare.gov/nursinghomecompare/search.html>

Nursing Home	Overall Star Rating	Star Rating Health of Inspections	Star Rating of Staffing	Star Rating of Quality Measures
Bailey Park Community Living Center	1	1	N/A	4
Douglas Nursing Home	2	2	3	4
Dyer Nursing and Rehabilitation Center	4	3	4	2
Humboldt Healthcare and Rehab Center	5	4	N/A	5
Humboldt Nursing and Rehabilitation Center	2	2	3	2
NHC HealthCare, Milan	4	4	4	4
Trenton Center	3	2	4	2
W.D. Bill Manning Tennessee State Veterans' Home	4	3	4	3

2. Section A, Applicant Profile, A.6, Project Cost, Page 3

It is noted the largest cost component is land acquisition and construction costs totaling \$7,959,425. When added from the Project Costs Chart the total is different than \$7,959,425. Please re-verify the amount.

This amount includes land acquisition (\$575,000), preparation of site (\$190,000), and construction (\$7,194,425). This totals \$7,959,425.

3. Section A, Executive Summary, Item B.3 Appropriate Quality Standards, Page 5

Please provide a listing of the long-term facilities the applicant owns and/or operates. In the listing, please indicate if the applicant owns or operates each facility and the period of time.

The applicant, Christian Care Center of Medina, LLC, is a newly formed entity and neither owns nor operates any other SNFs. The sole member of Christian Care Center of Medina, LLC is J. R. "Randy" Lewis.

CCC of Medina will have a management consulting agreement with Care Centers Management Consulting, Inc. The sole shareholder of Care Centers Management Consulting, Inc. is Diversified Ventures, Inc. The sole shareholder of Diversified Ventures, Inc. is J. R. "Randy" Lewis.

Care Centers Management Consulting, Inc. and its affiliates are experienced operators of long term care facilities, operating seven skilled nursing facilities in Tennessee, and one in Kentucky.

The SNFs affiliated with Care Centers Management Consulting, Inc. ("CCMC") are:

Facility	State of License	Mgt. Consulting Services Date	Management	Operator
Agape Nursing & Rehabilitation Center	TN	09/02/14	CCMC	Agape Nursing & Rehabilitation Center, LLC
Christian Care Center of Bristol	TN	09/06/17	CCMC	Christian Care Center of Bristol,

				LLC
Christian Care Center of Memphis	TN	11/19/15	CCMC	Oaktree Health and Rehabilitation Center, LLC, d/b/a Christian Care Center of Bristol
Christian Care Center of Kuttawa	KY	04/01/09	CCMC	Christian Care Center of Kuttawa, LLC
Christian Care Center of McKenzie	TN	07/21/17	CCMC	Christian Care Center of McKenzie, LLC
Sweetwater Health and Rehabilitation Center	TN	11/01/01	CCMC	Sweetwater Nursing Center, Inc., d/b/a Sweetwater Nursing and Rehabilitation Center
Durham-Hensley Health and Rehabilitation	TN	08/02/04	CCMC	K.D.M., Inc., d/b/a Durham-Hensley Health and Rehabilitation
Ivy Hall Nursing Home	TN	10/01/03	CCMC	Ivy Hall, Inc., d/b/a Ivy Hall Nursing Home

4. Section A, Project Details, Item 5. Management/Operating Entity, Page 6

Please provide a brief overview of Care Centers Management Consulting, Inc. and their experience in managing nursing homes.

Please see the immediately preceding response.

A company biography of Care Centers Management Consulting is attached following this response.

THE MANAGEMENT COMPANY

Care Centers Management Consulting, Inc. was founded in 1988 by Mr. J.R. Lewis.

Care Centers, now beginning its thirtieth year of operation, is successfully managing / consulting seven skilled nursing facilities located in Tennessee and one in Kentucky. Consulting services include, but are not limited to clinical compliance and management, billing, accounting, plant operations, risk management and other miscellaneous administrative duties.

Care Centers Management Consulting is a full service long-term care company providing financial, accounting reimbursement consulting, staff development and quality assurance services to nursing facilities. Utilizing a highly-organized and controlled approach, we maintain a consistent high quality patient care while providing facility owners with a dependable and reasonable rate of return on their investments.

OUR MISSION STATEMENT

Care Centers Management Consulting, Inc. is "Committed to Caring" for our residents. We strive to economically provide superior quality management / consulting services while maintaining an atmosphere pleasant to the residents. We truly believe that even though our current technology has been critical in the advancement of the long-term care industry, people still make the difference. Our mission is to find that intricate balance between technology and humanity, to combine their strengths, and produce superior healthcare with a quality of life focus.

Care Centers Management Consulting expects each and every facility employee and consultant employee to demonstrate the philosophy - "Committed to Caring". This can best be accomplished by focusing on economically providing the highest possible quality of life for each individual resident. Quality of life for every cognizant human being includes but is not limited to the following elements:

- Maintenance of the resident's best possible physical condition with a minimal amount of discomfort and pain;
- Regular exercise and movement of the resident's body parts to maintain maximum daily living functional potential;
- Maximum personal control by involvement of the resident in self-care and the decision making regarding one's self;
- Demonstration of total respect by all staff for the resident in an atmosphere of kindness and cheerfulness with ample opportunities provided to the resident for relating with others in a respectful, serious, supportive, positive and

constructive way;

- As best we can in a congregate living environment provide maximum resident privacy and personal space with time for introspection as well as one-on-one and group social interactions;
- Provision of personal grooming and dress that not only provides for proper hygiene but also projects a resident's preferred personal look and style;
- Provision of activities and educational opportunities according to the resident's needs and the resident's personal interests, hobbies, etc.;
- Provision of nourishing food that meets the dietary needs of the resident and that, as best we possibly can within prescribed dietary guidelines, is also tasty and pleasing to the resident;
- Never stop trying to please and to satisfy the unique individual desires and needs of each and every resident.

No one person or one department can successfully meet all the needs of an individual resident. Teamwork is an absolute necessity if the facility is to provide a high quality of life. Every department and each employee is a vital and integral part of the total effort. Indeed each employee contributes greatly to the superior quality of life the residents can expect when managed by Care Centers Management Consulting.

ORGANIZATION STRUCTURE

The Care Centers Management Consulting staff are highly skilled individuals with numerous years experience tailored specifically to the long-term care industry.

Using the expertise of each individual within Care Centers Management Consulting, facility development is obtained using the following approach:

- **Visibility** - Maintaining complete operational visibility at all times. This ensures quick management / consulting response time and maintains control from the top down. All departments report independently and directly to the President.
- **Departmental Independence** - Ensures proper internal control and provides for integrity of information flow.
- **Service Safety Net** - Providing a safety net of services ensuring all facets of the nursing facility operation are effectively addressed thus preventing the "slipped through the crack" syndrome. As the industry requirements and needs of the individual facilities evolve, Care Centers Management Consulting makes appropriate strategically and organizational changes to

ensure the quality and compliance of the facility's services are maintained at a superior level.

- High Personnel Standards - Care Centers Management Consulting's standards are well disciplined and exceptionally high. We only employ appropriately educated individuals with required levels of experience required for the position. Our requirements ensure the facility and its residents consistently receive the higher caliber services they deserve.

June 21, 2017

Michaela D. Poizner
Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C.
P.O. Box 190613
Nashville, TN 37219

RE: Inactive Status- Milan Health Care Center, Milan, License #308

Dear Ms. Poizner:

The Board for Licensing Health Care Facilities met on June 7, 2017. The following request was granted:

TO ALLOW MILAN HEALTH CARE CENTER, MILAN, LICENSE #308, TO BE PLACED ON INACTIVE STATUS UNTIL THE JUNE 2018 BOARD FOR LICENSING HEALTH CARE FACILITIES MEETING.


Board action was taken in accordance with Section 68-11-206, Chapter 11, Tennessee Code Annotated, which gives the Board authority to place a license in an inactive status for a period determined by the Board upon finding that:

- the licensee has a need to temporarily suspend operations;
- the licensee intends to continue operations for a period of suspension.

Any facility that has not placed its license back in an active status before the expiration of the inactive timeframe will then notify the Board for Licensing Health Care Facilities in writing requesting an extension. The inactive status extension request will be presented at the next scheduled Board meeting.

Facilities that have been granted an inactive status and who are now wishing for their license to be placed back in an active status shall notify the Board for Licensing Health Care Facilities in writing that they are now meeting all requirements.

Sincerely,


Ann Rutherford Reed, RN, BSN, MBA
Director of Licensure
Division of Health Care Facilities

ARR/weh

cc: WTRO
Lonnie Matthews
Trent Sansing
Cheryl Hines
Dolores Willis
File

5. Section A, Project Details, Item 6A. Legal Interest, Page 7

The lease dated as of January 3, 2018 for a 66 bed nursing facility is noted. However, please clarify if the lease is a turnkey lease.

The lease will be a turnkey lease and will include the land and the building.

What party is responsible for the construction of the proposed 66 bed nursing home and where is that documented?

The building will be constructed by Gibson County Real Estate Investors, LLC. This is documented by the fact that one of the funding letters is directed to Gibson County Real Estate Investors, LLC for construction funds, and by the fact the lease is from Gibson County Real Estate Investors, LLC as landlord to Christian Care Center of Medina as Tenant.

6. Section B, Need, Item A (Specific Criteria –Construction, Renovation, Expansion, and Replacement) 2.a. Page 15

Please describe the condition of the current physical plant.

The physical plant is outdated and terribly inadequate to provide high quality care in a comfortable and pleasing environment. It is the applicant's understanding the facility was originally constructed in 1949 and converted to a nursing home in 1963. It has undergone no major renovations since then. The inadequacies include, but are not limited to, the following:

- The hallways are not 8' wide (fire safety)
- Most of the rooms are semi-private rooms consisting of only 187 sq. ft.
- The resident's rooms do not have sinks inside the space
- The resident's rooms do not have restrooms inside the space.
- The Interior walls are painted block walls
- There is not enough shower units per the population needs
- Fire sprinkler piping is hanging below the ceiling
- Some Asbestos flooring is in the facility.

7. Section B, Need, Item A (Specific Criteria –Construction, Renovation, Expansion, and Replacement) 2.b. Page 16

Please discuss the square footage in the current private and semi-private rooms and how it compares to the square footage of the proposed private and semi-private rooms.

Current Milan facility: 6 private rooms @ 110 SF and 30 Semi-Private rooms @ 187 SF.

New Medina Facility: 40 private rooms @ 234 SF and 13 Semi-Private rooms @ 324 SF.

Please provide projected population projections (2 y. or 4 yr.) for the cities of Milan, Trenton, Dyer, Medina, and Humboldt.

This is not publicly available to the applicant's knowledge. The Census Bureau/American Community Survey (ACS) population projections for these cities do not go beyond 2016.

The 2017 population of Medina (4,822) reflected in the application is from a state-certified special census conducted by the City of Medina.

What are the reasons for Medina's growth?

In the applicant's estimation, the following factors contribute significantly to the strong growth of Medina: Efficient arterial highways providing convenient commutes in multiple directions, an attractive school system, and vibrant new development that synergistically brings even more new development.

8. Section B, Need, Item E.

Your response is noted. Please complete the following tables:

Gibson County Nursing Home Utilization-2016

Name	Lic. Beds	Beds-MCARE only-certified	Beds-Dually Certified	Beds Level 1 certified MCAID	Licensed Only Beds Non-Certified	SNF MCARE ADC	Level 2 MCAID ADC	skilled All other Payors ADC	Non-skilled ADC	Total ADC*
Bailey Park Community Living Center	50	0	50	0	0	11.6	0.8	0	24.6	37
Douglas Nursing Home	72	0	72	0	0	3.5	1.8	0	48.6	53.9
Dyer Nursing and Rehabilitation Center	120	0	120	0	0	11.1	0	0	87.1	98.2
Humboldt Healthcare and Rehab Center	89	0	89	0	0	14.3	0	0	34.2	48.5
Humboldt Nursing and Rehabilitation Center	120	0	120	0	0	7.2	0	0	55.2	62.4
NHC HealthCare, Milan	117	0	65	52	0	25.4	19.7	1.3	49.4	95.8
Trenton Center	62	0	62	0	0	8.1	0.9	0	33.1	42.1
Total	630	0	578	52	0	81.2	23.2	1.3	332.2	437.9

Source: Nursing Home JAR, 2016 (legend: Medicare=MCARE; TennCare/Medicaid=MCAID)

**Total ADC is calculated from JARs as total patient days / 365. These totals may be slightly different from the sum of ADCs by category due to rounding.*

9. Section B, Need, Item F.

Your response to this item is noted. Please complete the following charts:

Projected Utilization

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	66	66	11	2	1	21	35	53%
2	66	66	13	4	2	42	61	93%

** Includes dually-certified beds. There are no Medicare only beds.*

10. Section B. Economic Feasibility Item H. Staffing, Page 37

Please complete the following chart reflecting the proposed number of direct care hours including nursing care hours per patient per day in Year One.

Direct Care Hours	Nursing Hours	Total Hours
1.42	5.02	6.44

11. Section B. Quality Measures

Please discuss the applicant's commitment to the proposal in meeting appropriate quality standards by addressing each of the following factors:

- (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

The projected payor mix is based on CCMC's experience in managing SNFs in similar circumstances. Any such projection is subject to fluctuations based on a number of factors. CCC of Medina is committed to participating in Medicare and TennCare, and anticipates maintaining roughly the payor mix projected in the application.

- (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;**

The projected staffing is based on CCMC's experience in managing SNFs in similar circumstances. Facilities are staffed up as needed to meet patient census numbers. Accordingly, less staffing is projected in the start-up year than in subsequent years. CCC of Medina is committed to staffing at a level that meets or exceeds all licensure and accreditation standards.

- (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;**

All CCMC affiliated SNFs are duly licensed, and are Joint Commission accredited or are awaiting final accreditation approval. CCC of Medina will maintain its license in good standing and will meet or exceed all accreditation standards.

- (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;**

CCC of Medina will obtain Medicare and TennCare certification upon beginning operations, pursuant to the certification processes of those programs.

- (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;**

The most recent survey and Statement of Deficiencies were directed to the previous owner of Milan HCC, and not the applicant. After the CHOW to CCC of Medina, LLC (f/k/a CCC of Milan) the applicant cooperated with the Department Health and submitted a Plan of Correction, essentially on behalf of the previous owner, which was approved by the Department.

A copy of a letter from the Department of Health approving the applicant's Plan of Correction and deeming the facility is compliance is attached as Attachment B, Orderly Development, 4, B to the application.

- (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;**

The applicant is a new, unrelated owner of the facility. To its knowledge the facility was not de-certified under the prior ownership. Pursuant to CMS policy, CCC of Medina, LLC voluntarily surrendered the old Medicare number upon the voluntary suspension of operations, and will apply for a new Medicare number at the appropriate time.

- (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

CCC of Medina will have and utilize a comprehensive Quality Assurance Performance Improvement (QAPI) program for self-assessment and quality improvement. CCC of Medina will be accredited by the Joint Commission in order to further promote and assure quality performance and improvement.

A copy of the Table of Contents of its QAPI Manual is attached as Attachment Section A, B, (3) to the application.

- (h) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

Please see the immediately preceding response.

This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

CCC of Medina will be accredited by the Joint Commission.

For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide

information on any other state, federal, or national quality improvement initiatives.

A copy of the Table of Contents CCC of Medina's QAPI Manual is attached as Attachment Section A, B, (3) to the application.

CCC of Medina will be accredited by the Joint Commission in order to further promote and assure quality performance and improvement.

February 26, 2018**2:00 P.M.****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF Washington

NAME OF FACILITY: Christian Care Center of Medina

I, Anita West, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Anita West, Secretary, CFO
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 22nd day of February, 2018, witness my hand at office in the County of Washington, State of Tennessee.

Denise D. Eith
NOTARY PUBLIC

My commission expires October 29, 2019.

HF-0043

Revised 7/02





**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

(Rule 0720-11-.01, continued)

- (3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:
 - (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;
 - (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
 - (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
 - (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
 - (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;
 - (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
 - (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
 1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:
 - (i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;
 - (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;
 - (iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;
 - (iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;
 - (v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

(Rule 0720-11-.01, continued)

- (vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;
 - (vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;
 - (viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;
 - (ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;
 - (x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;
 - (xi) Participation in the National Burn Repository, for Burn Unit projects;
 - (xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and
 - (xiii) Participation in the National Palliative Care Registry, for Hospice projects.
- (h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.
- (i) For Cardiac Catheterization projects:
1. Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;
 2. Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and
 3. Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).
- (j) For Open Heart projects:

(Rule 0720-11-.01, continued)

1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;
 2. Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;
 3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard);
- (k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);
- (l) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;
- (o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);
- (p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;
- (q) For Inpatient Psychiatric projects:
1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

(Rule 0720-11-.01, continued)

- times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
 2. Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and
 3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.
- (r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;
 - (s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and
 - (t) For Relocation and/or Replacement of Health Care Institution projects:
 1. For hospital projects, Acute Care Bed Need Services measures are applicable; and
 2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.
 - (u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.
 - (v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.
 - (w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.
- (4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
 - (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition; and

(Rule 0720-11-.01, continued)

- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.
- (5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.
 - (d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043.

Administrative History: Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: March 31, 2018

APPLICANT: Christian Care Center of Medina f/k/a
Milan Health Care Center
2020 Northpark Drive, Suite 2D
Johnson City, TN, 37604

CN: CN-1802-006

CONTACT PERSON: Jerry W. Taylor, Esq.
Burr & Forman, LLP
222 Second Avenue South, Suite 2000
Nashville, Tennessee 37201

COST: \$10,114,157

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comments relative to the application are provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The former nursing home known as Milan Health Care Center was acquired by new owner Christian Care Center of Medina (CCC of Medina), LLC, effective January 17, 2018. During the acquisition, operations were temporarily suspended and the state license (#308 with the Board for Licensing Health Care Facilities) was placed in an Inactive Status. This application seeks approval to construct a new replacement center and relocate the facility at another site in Gibson County, approximately 10 miles away from the existing facility. The site for the proposed replacement facility is an underdeveloped 6.09 acre tract at the intersection of State Highway 45 E and Sonic Drive in Medina, Gibson County.

CCC of Medina, LLC is solely owned by J. R. "Randy" Lewis. CCC of Medina will enter into a management consulting agreement with Care Centers Management, Inc., which is owned by Diversified Ventures, Inc. Diversified Ventures, Inc. is also owned by J. R. "Randy" Lewis. If approved, the facility will be built and owned by the Gibson County Real Estate Investors, LLC, also owned by J. R. "Randy" Lewis

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

This application does not seek to add any additional licensed beds; it proposes only a relocation of existing beds and a replacement facility. The need for the relocation and replacement does not stem from a lack of nursing home bed capacity in Gibson County. Rather, there is a need for the relocation of the existing beds, as the existing facility was deemed to be in very poor physical condition and posed a significant safety issue for patients and would have been too costly to make

the needed repairs and renovations. The construction and relocation of a new facility was the most cost effective option to continue operations. Also, there is a need for more private beds and for a new modernized skilled nursing facility in Gibson County. Currently, only 59 of the 828 licensed beds in the area private beds. If the application is approved, of the 66 beds, 40 will be private and the other 26 beds will be semi-private, increasing the number of private beds in Gibson County by nearly 68%. In general, private beds are much preferred by those in need of SNF care.

The existing licensed beds of CCC of Medina are a needed community asset. In 2015 (the latest year for which data is publicly available for this facility), Milan Health Care Center provided 19,126 patient days of care. It is believed that the utilization would have been significantly greater with a new up to date facility. If approved, the relocation and replacement facility will allow the existing 66 licensed beds to continue to serve the area. Furthermore, the existing SNF facilities are relatively old, with the average age of existing SNFs in Gibson County being 31 years:

Facility	Total Beds	Private Beds	Semi-Private Beds*	% Private	Year Built	Major Renovation/Year	Age Orig. Building
Bailey Park Community Living Center	50	10	40	25%	2008	No	10 yrs.
Douglas Nursing Home	72	1	71	1.4%	1961	No	57 yrs.
Dyer Nursing and Rehabilitation Center	120	0	120	0%	1996	Yes – 2014	22 yrs.
Humboldt Healthcare and Rehab Center	89	7	82	8.5%	1990	No	28 yrs.
Humboldt Nursing and Rehab Center	120	0	120	0%	1990	No	28 yrs.
Milan Health Care Center	66	6	60	10%	1963	No	55 yrs.
NHC Healthcare, Milan	117	11	106	10.4%	N/R	Yes – 1997	11 yrs.
TN State Veteran's Home	140	18	122	14.8%	1995	No	23 yrs.
Trenton Center	54	6	48	12.5%	1973	No	45 yrs.
County Total/Average	828	59	769	7.7%			31 yrs.

*Semi-private includes Ward beds

Source: 2016 Joint Annual Reports except Bailey Park and Milan HCC, 2015

Name	Lic. Beds	Beds – MCARE-only Certified	Beds – Dually Certified	Beds Level 1 Certified MCAID	Licensed Only Beds Non-Certified	SNF MCARE ADC	Level 2 MCAID ADC	Skilled – All Other Payors ADC	Non-skilled ADC	Total ADC*
Bailey Park Community Living Center	50	0	50	0	0	11.6	0.8	0	24.6	37
Douglas Nursing Home	72	0	72	0	0	3.5	1.8	0	48.6	53.9
Dyer Nursing and Rehab Center	120	0	120	0	0	11.1	0	0	87.1	98.2
Humboldt Healthcare and Rehab Center	89	0	89	0	0	14.3	0	0	34.2	48.5
Humboldt Nursing and Rehab Center	120	0	120	0	0	7.2	0	0	55.2	62.4
NHC Healthcare, Milan	117	0	65	52	0	25.4	19.7	1.3	49.4	95.8
Trenton Center	62	0	62	0	0	8.1	0.9	0	33.1	42.1

Total	630	0	578	52	0	81.2	23.2	1.3	332.2	437.9
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Source: Nursing Home JAR, 2016 (Legend: MCARE = Medicare; MCAID = TennCare/Medicaid)

*Total ADC is calculated from JARs as total patient days/365. These totals may be slightly different from the sum of ADCs by category due to rounding.

Milan HCC initially leased the building that it used as a physical plant. The age of the physical plant of 55 years and the general condition of it was such that the applicant did not want to purchase the real estate. The physical plant is outdated and terribly inadequate to provide high quality care in a comfortable and pleasing environment. It is the applicant's understanding that the facility was originally constructed in the year 1949 and converted into a nursing home in 1963. Since then, the building has undergone no major renovations. The inadequacies include but are not limited to the following:

- The hallways are not 8' wide, which is a fire safety issue.
- Most of the rooms are semi-private, consisting of only 187 sq. ft.
- The residents' rooms have neither sinks nor restrooms inside the space
- The interior walls are painted block walls.
- There is not enough shower units per the population needs.
- Fire sprinkler piping is hanging below the ceiling.
- Some asbestos flooring is in the facility.

The relocation and replacement facility will allow the existing 66 licensed beds to continue to serve the area. It is believed that the past utilization would have been significantly greater with a new up to date facility, due to the more attractive facility and more private beds. Also, if approved, this updated facility will provide more spacious accommodations for the residents. The overall size of the facility will more than double, going from the current 17,268 square feet to the new building size of 38,929 square feet. The current Milan facility offers 6 private rooms at 110 square feet, while the new Medina facility would offer 40 private rooms at 234 square feet. Furthermore, the current Milan facility offers 30 semi-private rooms at 187 square feet, while the new Medina facility would offer 13 semi-private rooms at 324 square feet.

The proposed relocation to the Medina area in the southern portion of Gibson County is also expected to increase the utilization of the facility. Medina is clearly the area of the greatest population growth in Gibson County. Many factors are contributing to the growth of Medina, such as an attractive school system, and efficient arterial highways making convenient commutes possible in multiple directions. Its population grew by 38.6% between 2010 and 2016, but there is not a single SNF in the Medina area. However, there are currently 3 SNFs in the Milan area, including the former Milan HCC. The northern portion of Gibson County currently has 5 SNFs – 3 in Milan, 1 in Trenton, and 1 in Dyer. The southern portion of Gibson County has only 4 SNFs, all located in Humboldt and none in Medina. The northern and southern portions of Gibson County are roughly the same in population, but the southern sector is projected to experience 9.4% population growth, while the northern sector is projected to experience a 2% decrease in population. Locating the replacement facility in Medina, in the southern sector of the county, will bring beds to the area of greatest population growth, and better serve the county as a whole. Since there are no SNFs located in Medina, it is good health planning and orderly development of healthcare to locate the facility there.

Population Centers	2010 Pop.	2016 Pop.	Population Growth	# of SNFs	# of Beds
Milan	7,851	7,792	-0.8%	3	255
Trenton	4,264	4,140	-2.9%	1	62
Dyer	2,341	2,236	-4.5%	1	120
Northern County Total	14,456	14,168	-2.0%	5	437
Medina	3,479	4,822*	38.6%	0	0
Humboldt	8,452	8,235	-2.6%	4	399

Southern County Total	11,931	13,057	9.4%	4	399
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*Medina "2016 Population" is actual 2017 population as determined by a state-certified special census. All other 2016 population figures are as projected by the U.S. Census Bureau.

Source: U.S. Census Bureau; City of Medina, TN

County of SNF Care – Gibson County Residents 2016

McNairy	1	0.14%
Crockett	8	1.12%
Gibson	515	72.33%
Shelby	4	0.56%
Haywood	2	0.28%
Davidson	5	0.70%
Rutherford	0	0.00%
Weakley	23	3.23%
Dyer	6	0.84%
Madison	125	17.56%
Montgomery	2	0.28%
Chester	2	0.28%
Henry	2	0.28%
Carroll	8	1.12%
Williamson	1	0.14%
White	1	0.14%
Grundy	1	0.14%
Lake	4	0.56%
Obion	1	0.14%
Decatur	1	0.14%
Total	712	100%

* During this time period, the operation of beds for Milan HCC had been temporarily voluntarily suspended due to the need for a replacement facility.

Locating the replacement facility in the southern portion of Gibson County will also help to stem out-migration of Gibson County residents to Madison County to receive SNF services. There was significant out-migration from Gibson County for SNF services in 2016. Most of the aforementioned out-migration was to Madison County, which borders Gibson County to the south. Although there are SNFs located in Humboldt which is also in the southern sector of Gibson County, having a new replacement facility in Medina will provide another local SNF option for Gibson County residents and help to decrease out-migration into Madison County. The primary service area is Gibson County, where the facility is located. It is projected that 80% of the Year 1 admissions will be residents of Gibson County, based on the location replacement facility and the ability to decrease out-migration to the south of the county. It is believed a majority of the residents of Gibson County can travel to Medina within 30 minutes.

According to the calculations of the Department of Health, there is a gross need for 493 beds in Gibson County in 2020. According to the Division of Health Care Facilities website, there are a total of 836 licensed beds in Gibson County in 2018. There is a resulting projected surplus of 343 beds. It is projected that 80% of the Year 1 patient population to CCC of Medina will be residents of Gibson County. Under the previous ownership, the majority of Milan HCC's patient base came from outside of Gibson County. While the exact reason for that is unknown, it is believed that the local population of Gibson County was probably more aware of the age and condition of the physical facility as opposed to patients who were not local. As a result, local patients may have chosen to go elsewhere. Another speculated reason may be that the lack of a skilled nursing facility in the high-growth Medina area caused families to seek placements out of the county in Madison County.

Service Area Counties	Historical Utilization – County Residents (From Prior Owner's 2015 JAR)	% of Total Patients
Shelby	20	41.7%
Hardeman	10	20.8%
Gibson	8	16.7%

Rutherford	2	4.2%
Other (no more than 1 each)	8	16.7%
Total	48	100%

Service Area Counties	Projected Utilization – County Residents (Admissions)	% of Total Admissions
Gibson	85	80%
Other	21	20%
Total	106	100%

The proposed staffing plan would call for approximately 39 FTE direct patient care positions and 39 FTE non-direct patient care positions. The staffing pattern and associated salaries are set forth in the following chart:

Position Classification	Existing FTEs (enter year)	Projected FTEs - Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care Positions				
RN	N/A	4.2	\$32.39	\$30.00
LPN	N/A	7.0	\$23.81	\$20.20
CAN	N/A	19.6	\$13.35	\$12.00
Activities & Chaplain	N/A	2.25	\$17.57	Not Listed
Dietary	N/A	6.42	\$13.25	\$12.00
Total Direct Patient Care Positions	N/A	39.47	\$20.07	\$18.55
B. Non-Patient Care Positions				
Administrator	N/A	1.0	\$48.08	\$46.00
Human Resources	N/A	2.0	\$19.65	\$19.65
Housekeeping	N/A	4.94	\$11.60	\$9.85
Laundry	N/A	1.4	\$11.60	\$9.85
Nursing Administration	N/A	3.0	\$37.58	
Medical Records	N/A	1.0	\$19.23	\$17.75
Maintenance	N/A	23.68	\$21.00	\$18.60
Marketing/Social Services	N/A	2.0	\$29.43	\$28.00
Total Non-Patient Care Positions	N/A	39.02	\$24.77	\$21.39
Total Employees (A+B)	N/A	78.49		
C. Contractual Staff				
Physical Therapist	N/A	1.40	\$43.00	\$42.75
Physical Therapist Assistant	N/A	2.80	\$35.00	\$34.10
Occupational Therapist	N/A	1.40	\$41.00	\$40.65
Certified Occupational Therapy Assistant	N/A	2.40	\$35.00	No Info Available
Speech Therapist	N/A	1.40	\$40.00	\$36.95
Medical Director	N/A	0.05	\$150.00	\$138.40
Respiratory Therapist	N/A	0.50	\$24.00	\$23.80
Total Contractual Positions	N/A	9.95		
Total Staff (A+B+C)	N/A	88.44		

TENNCARE/MEDICARE ACCESS:

Pursuant to CMS policy, the Milan HCC Medicare number was voluntarily terminated when the license was placed in Inactive Status. New Medicare and Medicaid provider numbers will be obtained upon opening of the replacement facility. The applicant also states that MCO contracts exist with AmeriGroup, United Healthcare Community Plan, BlueCare, and TennCare. The applicant states that CCC of Medina will be accessible to all socio-economic groups and will participate in TennCare and Medicare. The percentage of the population living below the poverty level in Gibson County, 18.7%, is higher than that of Tennessee as a whole, 17.2%. As a result,

the percentage of population of Gibson County enrolled in TennCare at 24.9% is higher than that of the state as a whole at 21%.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Projected Costs Chart is located on page 29 of the application. The total project cost is \$10,114,157, in addition to a \$58,156.40 CON Filing Fee. The largest single cost component is land acquisition and construction costs totaling \$7,959,425 for land acquisition and construction costs. The next largest costs are for furniture, fixtures, and equipment for \$959,122 and \$280,000 for interim financing, in addition to other fees, such as \$190,000 for the preparation of the site.

Funding will be provided by a bank loan from Bank of Tennessee for approximately \$10.2 million and a line of credit from Bank of Tennessee for \$1 million. Funding letters can be found as Attachment Section B, Economic Feasibility, 2.

Historical Data Chart: The Historical Data Chart is located on page 32 of the application. The applicant reported 20,065, 19,126, and 17,190 patient days in 2014, 2015, and 2016 with net operating revenues of (\$84,632), \$45,069 and (\$1,560,276) respectively.

Projected Data Chart: The Projected Data Chart is located on page 35 of the application showing Net Income/(Loss) of (\$552,500) and \$396,532 in years one and two respectively.

Milan HCC (Under Previous Ownership):

2016: No Jar on File

2015: 19,126 Patient Days 79.4% Occupancy

2014: 20,065 Patient Days 83.3% Occupancy

CCC of Medina Projected Utilization:

Year 1: 12,739 Patient Days 53% Occupancy

Year 2: 22,326 Patient Days 93% Occupancy

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	66	66	11	2	1	21	35	53%
2	66	66	13	4	2	42	61	93%

The project is expected to yield an operating loss in its first year, but is projected to become profitable in its second year, as well as subsequent years. The facility will begin its first year of operation with no patients. However, occupancy is expected to grow steadily, reaching approximately 90% by the end of that year, as it is expected that the majority of the initial patient population will be Medicare Part A patients, who will likely be admitted to the facility from a hospital. By the second year of operation, the facility's occupancy and mix will likely stabilize around 93%. Since the facility will serve both short-term and long-term patients, it is expected

that Medicaid will make up the largest portion of the facility's overall mix as the facility retains a larger number of long-term patients.

Proposed Charge Schedule

	Previous Year (2016 – Prior Owner)	Current Year	Year One	Year Two	% Change (2016 Prior Owner – Year 2)
Gross Charge	\$232.90	N/A	\$311.08	\$295.59	27%
Average Deduction	\$59.97	N/A	\$23.99	\$26.04	-57%
Average Net Charge	\$172.92	N/A	\$287.08	\$269.55	56%

*The projected average charges for Year 1 of operation for CCC of Medina are reflected in the above chart.

Facility	Total Gross Revenue	Total Net Revenue	Total Days of Care	Average Gross Charge PPD	Average Net Charge PPD
Bailey Park Community Living Center	\$5,391,201.00	\$4,520,449.00	13,505	\$399.20	\$334.72
Douglas Nursing Home	\$4,493,517.00	\$3,232,830.00	19,683	\$228.29	\$164.24
Dyer Nursing and Rehab Center	\$8,675,526.00	\$7,783,422.00	35,828	\$242.14	\$217.24
Humboldt Healthcare and Rehab Center	\$5,995,054.00	\$4,438,188.00	17,701	\$338.68	\$250.73
Humboldt Nursing and Rehab Center	\$5,531,287.00	\$4,944,387.00	22,767	\$242.95	\$217.17
NHC Healthcare, Milan	\$10,688,477.00	\$8,833,727.00	35,010	\$305.30	\$252.32
Trenton Center	\$9,584,009.00	\$7,935,850.00	15,401	\$622.30	\$515.28
Tenn. State Veterans' Home	\$16,793,140.00	\$15,288,717.00	48,283	\$347.81	\$316.65

*The average charges of other skilled nursing facility providers are reflected in the above chart.

Net Operating Margin Ratio

Year	2 nd Year Previous to Current Year (2016 Prior Ownership)	1 st Year Previous to Current Year (2015 Prior Ownership)	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	-0.41	0.12	N/A	-0.05	0.13

*The Net Operating Margin Ratio demonstrates how much revenue is left over after all the variable or operating costs have been paid.

Project Payor Mix Year One

Payor Source	Projected Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$1,923,569	48.54%
TennCare/Medicaid	\$1,475,767	37.24%
Commercial/Other Managed Care	\$115,319	2.91%
Self-Pay	\$329,313	8.31%
Other-Hospice	\$68,557	1.73%
Charity Care	\$50,328	1.27%
Total	\$3,962,854	100%

Nursing Care Hours per Patient Day

Direct Care Hours	Nursing Hours	Total Hours
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The projected staffing is based on the experiences of the Care Centers Management Consulting, Inc. They have experience in managing skilled nursing facilities in similar circumstances. The facilities are generally staffed as needed to meet the needs of the patient census numbers. Less staffing is projected to be needed in the start-up years than in subsequent years. The applicant states that CCC of Medina is committed to staffing that meets or exceeds all accreditation standards.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

This application is for a replacement facility only. The new facility will add no new services or increase bed numbers. All beds will be dually certified for TennCare and Medicare.

The 66 licensed beds are needed in the service area. The operation of these beds has been temporarily voluntarily suspended due to the need for a replacement facility. Continuing to operate the facility while the new replacement is being built would be a potential hazard to the SNF patients due to the condition of the current facility. If this application is approved, the beds will be placed back into a new up-to-date facility with more private rooms and a much better patient care environment.

The proposed relocation from Milan to Medina, both within Gibson County, will accomplish a much needed redistribution of beds within Gibson County. The relocation and replacement facility will not only provide a nice new facility for its patients and increase the number of private beds, but it would also accomplish the task of redistributing beds more evenly within Gibson County through relocating from Milan to Medina. Medina is the area of greatest population growth in Gibson County. Between 2010 and 2016, Medina's population grew by 38.6%, yet there are no SNFs in the area. Conversely, Milan is projected to experience a slight population decrease between 2010 and 2016. There are currently 3 SNFs in the Milan area, including the Milan HCC. The relocation will better serve patients in Gibson County by locating beds in the area of greatest population growth, and by more evenly distributing beds geographically throughout Gibson County.

The applicant demonstrated substantial compliance with applicable state and federal regulations, as the most recent survey and Statement of Deficiencies were directed to the previous owner of Milan HCC. However, after acquiring the facility, the applicant has chosen to cooperate with the Department of Health. The applicant has submitted a Plan of Correction.

No other alternatives to operating the current 66 beds were considered as viable options due to several physical facility deficiencies:

- All major facility systems would need to be upgraded or replaced.
- The existing structure would not comply with many of the current Medicare and Medicaid standards for certification.

A Project Completion Forecast Chart is located on page 51 of the application. This details the proposed HSDA approval date of June 2018, leading to a Final Project Report Form being submitted August 2020.

CCC of Medina does not currently participate in student training programs but has expressed interest in clinical affiliations with several medical colleges. Also, CCC of Medina will have an extensive network of care providers and service vendors. A list of the anticipated contractors and vendors attached as Attachment Section B, Orderly Development, 1.

Christian Care Center of Medina supports the growth, development, and diversification of people seeking careers in healthcare and will explore participating in helping to train students through clinical affiliation agreements with institutions like Bethel University, Lane College, Freed-Hardeman University, and Jackson State Community College. As with most undertakings of this magnitude,

there are both positive and negative consequences. The major negative aspect of this project is that it required the voluntary suspension of operations at the facility pending the construction of the replacement facility.

The positive effects of the project, however, far outweigh the negative effects. The project will provide 66 skilled nursing beds in a new, much more modern facility. The replacement facility will significantly increase the amount of private beds in Gibson County. Also, the relocation of the facility from Milan to Medina will result in a needed geographic redistribution of the beds in Gibson County, as Medina is expected to grow by 38.6% while Milan is expected to decrease by 2%. Furthermore, the new facility is likely to help stem some of the out-migration from Gibson County to Madison County, as it would give the residents of Gibson County a more attractive and convenient option for skilled nursing care.

QUALITY MEASURES:

The applicant states that the consulting management operator for Christian Care Center of Medina, Care Centers Management, Inc., are experienced long term care operators of seven nursing facilities in Tennessee and one in Kentucky. CCC of Medina will submit and apply for accreditation with the Joint Commission. The applicant will continue to comply with its Quality Assurance and Performance Improvement Program. All of Care Center's affiliated facilities submit themselves to Joint Commission scrutiny and are either Joint Commission accredited, or are waiting on final accreditation. CCC of Medina will continue to be licensed by the Tennessee Board for Licensing Health Care Facilities and will be both TennCare and Medicare certified.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. For relocation or replacement of an existing licensed health care institution :
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
 - The major negative aspect of this project is that it required the voluntary suspension of operations at the facility pending the construction of the replacement facility.
 - The positive effects of the project, however, far outweigh the negative effects. The project will provide 66 skilled nursing beds in a new, much more modern facility. The replacement facility will significantly increase the amount of private beds in Gibson County. Also, the relocation of the facility from Milan to Medina will result in a needed geographic redistribution of the beds in Gibson County, as Medina is expected to grow by 38.6% while Milan is expected to decrease by 2%. Furthermore, the new facility is likely to help stem some of the out-migration from Gibson County to Madison County, as it would give the residents of Gibson County a more attractive and convenient option for skilled nursing care.
 - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

2. For renovation or expansions of an existing licensed health care institution:
 - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
 - b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.
 - The facility was originally constructed in the year 1949 and converted into a nursing home in 1963. Since then, the building has undergone no major renovations and is in poor physical condition.